DEMOCRATIC LEADERSHIP, DYNAMIC CAPABILITIES, FIRM LIFECYCLE STAGES, AND SURVIVAL OF HEALTHCARE BASED SMEs IN NAIROBI CITY COUNTY, KENYA

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JUNE 2026

DECLARATION

I declare that this dissertation is my original work and has not been presented to any other university or institution for a degree or any other award

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DEDICATION

This dissertation is dedicated to my dear parents, Esther Mwikali and the late Simon Muli who laid a strong Christian foundation in my childhood and committed their resources to educating me. You are great pillars of the foundation on which I stand.

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ABSTRACT

Small and Medium Enterprises (SMEs) drive world economies but ironically, due to leadership and management challenges among other factors, many do not survive beyond five years. While scholarship on firm survival has gained traction, the impact of leadership on survival of SMEs in the healthcare sector is less understood. This study was designed to investigate the mediating and moderating effects of dynamic capabilities and lifecycle stages respectively on the survival of healthcare-based SMEs in Nairobi City County, Kenya. This was realized through five specific objectives: to investigate the effects of democratic leader behaviors, democratic workplaces, democratic stewardship respectively on the survival of healthcare-based SMEs, and to test the mediating effect of dynamic capabilities and the moderating effect of firm lifecycle stages respectively on the relationship between democratic leadership and the survival of healthcare-based SMEs. The study was anchored on Democratic Theory and complemented with Situational Leadership, Stewardship, Dynamic Capability theories and Greiner's Growth and Balanced Scorecard models. Research design relied on a pragmatic philosophy and explanatory sequential mixed-method approach. Quantitative data was collected from a population of 626 senior leaders drawn from a total of 1438 level 2-5 licensed healthcare facilities. Multistage sampling technique was applied to obtain a representative sample size of respondents. A five-point Likert-Scale structured questionnaire was used for collection of primary quantitative data. A total of 482 questionnaires were returned and properly completed in accordance with the scientific research requirements translating to a 77% response rate. The quantitative data was first subjected to Principal Component Analysis for factor extraction resulting in variable components for descriptive and inferential statistics. Data analysis process for descriptive as well as inferential statistics was supported by SPSS v.26.0 software. The five study hypotheses were tested through multiple linear regression models. The primary data for qualitative phase was collected from 11 out of 12 purposively selected SME founders/owners and analyzed through systematic thematic analysis. The results showed that combining the three dimension of democratic leadership influenced firm survival (adjusted R^2 was 6.2%). The direct effect of democratic leader behaviors on firm survival was statistically significant but negative (β =-0.203, t=-2.949, $p<0.05$). The direct effects of democratic workplaces (β =0.205, t=3.39, $p<0.05$) and democratic stewardship (β =0.21, t=2.992, $p<0.05$) on firm survival respectively were shown to be statistically significant and positive. The mediating effect of dynamic capabilities on the relationship between democratic and firm survival was partial while the moderating effect of firm lifecycle stages was statistically significant. Based on the findings, it was concluded that to effectively apply democratic leadership, it should be redesigned so that its influence is through a leadership process that pays attention to development of capabilities that generate HR based competences needed for improved firm survival outcomes. The conclusion has implications on the manner in which the different components of democratic leadership are deployed to result in positive performance outcomes and on the adequacy of Democratic Theory as the underpinning theory of democratic leadership model. The findings contribute to new knowledge at theoretical, conceptual, and contextual levels in understanding the nature and practice of democratic leadership. The study makes recommendations for policy implications for practitioners, academia, policy makers, and researchers. It also provides directions for future research focusing on other contexts, use of other dimensions of democratic leadership, and adoption of more robust research designs and methodologies not applied in this study.

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LIST OF ACRONYMS

AHME: Africa Health Markets for Equity

ANA: American Nurses Association

ANOVA: Analysis of Variance

APA: American Psychological Association

BSC: Balanced scorecard

CO: Clinical Officer

CSL: Corporate Sustainable Longevity

DV: Dependent Variable

DRC: Democratic Republic of Congo

GPD: Gross Domestic Product

HRM: Human Resource Management

IDEA: International Institute for Democracy and Electoral Assistance

IFC: International Finance Corporation

IV: Independent Variable

KBA: Kenya Bankers Association

KMPDC: Kenya Medical Practitioners and Dentists Council

KPI: Key Performance Indicator

MOH: Ministry of Health

NACOSTI: National Commission for Science, Technology, and Innovation

NHIF: National Hospital Insurance Fund

OCB: Organizational Citizenship Behavior

OECD: Organization for Economic Cooperation and Development

PAC: Pan Africa Christian

PPP: Public-Private Partnership

RBV: Resource-Based View

SEM: Structural Equation Modelling

SHA: Social Health Authority

SLT: Situational Leadership Theory

SME: Small and Medium Enterprises

SPSS: Statistical Package for the Social Sciences

UHC: Universal Health Coverage

UK: United Kingdom

USA: United States of America

VIF: Variance Inflation factor

WHO: World Health Organization

OPERATIONAL DEFINITION OF TERMS

Democratic leadership: It is a leadership style that causes influence by embracing participation and collective involvement of group members in the formulation of decisions (Dolly & Nonyelum,2018; Ghrairi, 2024; Hassnain; 2023).

Democratic stewardship: It refers to a democratic governance structure, based on Stewardship Theory that strengthens the bond between the employees and the organizational activities through mechanisms that inculcate individual responsibility and trust (Abid *et al*., 2024; Baptista *et al*., 2017).

Democratic workplace: It is a concept of developing democratic organizations which embrace democratic principles that build conducive environments where employees freely participate and try innovative ideas (Danvila-del-Valle *et al*., 2018; Odiwo *et al*., 2022).

Dynamic capabilities: Refer to the mechanisms through which organizations effectively respond to environmental changes by integrating, building, and rearranging their competencies as well as their internal and external resources (Acosta-Prado & Tafur-Mendoza, 2024: Páez *et al*., 2022).

Firm lifecycle stages: They are also referred to as stages of development or stages of growth and relate to the contextual and structural changes that

an enterprise experiences from birth to maturity or to decline and eventual death (Daft *et al*., 2020; Verma, 2019).

SMEs: Enterprises with 10-250 employees and an annual turnover of above Kshs 500,000 but below Kshs 100 million (ROK, 2025).

Survival: This study considers it from the form of a state of achieved ability to cope or transition from one stage of the lifecycle to another (Adam & Alarifi, 2021; Rahman *et al*., 2022).

CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY

Introduction

This chapter introduces the research topic and gives a summary of the current developments in the leadership discipline, the emerging direction, and its effect on the survival of organizations. It proposes democratic leadership as a possible leadership style that can be embraced by Small and Medium Enterprises (SMEs) to increase their survival rates under turbulent contexts. The chapter delves into the background of the study followed by a discussion on the democratic leadership construct and its dimensions. Capabilities and firm lifecycle stages are introduced and their relationships with democratic leadership and firm survival are briefly explained. More information about SMEs, how they are defined, their global, regional, and local trends, and the characteristics of those in the healthcare sector is also provided. Later sections of the chapter discuss the problem statement, research objectives, research hypotheses, assumptions, justifications, significance, the scope of the study, its limitations and delimitations, and chapter summary.

Background to the Study

Despite the survival of Small and Medium Enterprises (SMEs) being a subject of great importance to the global economy, it has not received the due attention in the twenty-first century more so in the less developed as well as in developing countries (Majukwa *et al*., 2020; Salunkhe *et al*.,2023). More research focus has previously been directed to the performance of larger organizations at the expense of the survival of smaller ones (Ahmed *et al*.,2018; Bojadziev *et al*., 2019). Extant literature posits that the survival of firms remains one of the most noticeable constants in a fluid and

unpredictable business landscape (Ahmad *et al*., 2019; Salunkhe *et al*., 2023), therefore illuminating the importance of research on strategies that firms can employ to sustain their operations and succeed.

Research findings show that countries that experience tremendous economic growth register higher SME survival rates (Didonet & Diaz-Villavicencio, 2020; Rafiki, 2020). Moreover, survival rates can be a tool that firms can employ to measure their performance. Though survival may vary in cause and effect, it is not region or sector specific and impacts both developing and developed economies. In the United States of America (USA), the business survival rate within the first five years is estimated to be 50 percent (Quansah *et al*., 2022). In Malaysia, the business failure rate is pegged at around 60 percent (Islam & Wahab, 2021). Similar trends replicate in Africa with Nigeria registering a 20 percent survival rate (Adebisi & Bakare, 2019) and Kenya at 54 percent (Githinji & Gilbert, 2022). Although the reviewed research on performance of businesses in the healthcare sector in Nairobi County does not provide specific statistics on the survival rates of small and medium healthcare enterprises, there is general consensus that healthcare-based SMEs in Nairobi County are faced with high failure rates and are unable to adequately meet healthcare demands (Akinyi, 2024; Githige, 2025; Kelvin & Morrisson, 2023).

The common causes of SME failure in Africa are related to leadership challenges (Afande, 2015b). While Mugo *et al*. (2019) identify poor sector support and weak management as the main causes of failure of Kenyan SMEs, Akinyi (2024) links survival challenges of SMEs in the Kenya's healthcare sector to resource constraints, costly industry compliance requirements, varying regional imbalances, financing difficulties, poor infrastructure, and shortage of skilled healthcare professionals. A study by Kaluyu (2025) on private hospitals in Nairobi County

highlighted dynamism of the environment in which they operate as an important determinant of their operational effectiveness thus bringing to light the centrality of research on survival of healthcare-based SMEs in Nairobi.

Firm survival according to this study is conceptualized from a time perspective and refers to the length of time from the firm's inception to closure during which it maintains its operations to achieve strategic objectives, register growth, and allow the transition from startups to larger enterprises (Adam & Alarifi, 2021; Rahman *et al.,* 2022). The concept of survival is associated with longevity and in literal terms may be conceived to mean the acquisition of attributes such as experience, skills, resources, and legitimacy which positively contribute to a firm's competitive advantage. Firm longevity can be understood from the notion of various firm growth stages and the associated structural and behavioral changes to cause growth and contribute to firm survival (Perkins & Khoo-Lattimore, 2020; Rahmanseresht & Yavari, 2017).

Despite their centrality in employment creation and uplifting standards of living, Ulubeyli *et al*. (2018) posit that SMEs are more prone to prolonged effects of the macroeconomic crises as compared to larger enterprises due to their high dependence on the external environment as well as their inability to surmount diversification challenges, concerns which impact their survival. The effects of new globalized marketplaces and dynamic environments have led to changes in the operations of organizations including healthcare based SMEs necessitating a paradigm shift in leadership practice (Githige, 2025; Naradda *et al*., 2020). A paucity of leadership skills has been shown to lead to the crumbling of businesses and the collapse of a majority of SMEs (Bojadziev *et al*., 2019) which is largely attributed to missteps in decision-making (Majukwa *et al.,* 2020). These arguments place

leadership at the center of firm survival considering effective leadership results in the development of adaptive survival strategies that provide ideal solutions in dynamic contexts. Lestari *et al*. (2018) opine that the most critical factor that organizations anchor their success on is effective leadership and therefore possessing the capability to match the appropriate leadership style to the prevailing organizational context is an important survival strategy.

Leadership according to Northouse (2019) is an influence process that entails the establishment of a concise vision that is convincingly shared with the followers and which in turn causes them to willingly embrace it (Ince, 2018). It is a process that involves the interaction of two or more individuals which restructures the prevailing contexts to accommodate the expectations of all stakeholders. Further, leadership encompasses a set of abilities and exhibited behaviors that can be identified, developed, and advanced by individuals or organizations toward the attainment of a specific set of objectives or responses to certain environmental changes (Ozkan *et al*., 2015). The emerging issues related to firm survival and leadership call for the establishment of clear linkages between leadership styles and firm contexts that encourage flexibility, collaboration, and participation to enhance the quality of decisions made which in turn increases the chances of firm survival (Asiimwe, 2021; Safari *et al.,* 2018).

From the foregoing discussion, this study proposed that for SMEs to survive and succeed, they need to embrace leadership approaches that value contributions from their constituents and that share out leadership functions such as decision-making within the entire workforce as is espoused by democratic leadership. Democratic leadership according to Hilton *et al*. (2021) fits into this space because it

is a future-oriented leadership style that develops leaders with a focus on long-term success.

Safari *et al*. (2018) illuminate the importance of democratic leadership by asserting that despite democracy in organizations having for a long time been widely researched, its application is more relevant in today's organizations than it has been in the past. Polston-Murdoch (2013) observes that organizations managed by democratic leaders have higher employee productivity than those lacking such leaders. Surprisingly, most organizations in today's environment are undemocratic and embrace models that dispense authority by commanding and controlling employees (Safari *et al*., 2018; Uchenwamgbe 2013). Such leadership models contrast with what democratic leadership stands for.

Raelin (2012) vouches for democratic leadership in such organizations because its principles of involvement of employees in activities that they perceive to have a stake in is a key attribute of humanism. Giving equal opportunities to all members to gain access to foundational decisions of the organization promotes democracy and enhances employee engagement within the organization. The choice of employing democratic leadership to promote the survival of SMEs is ideal because SMEs have smaller turnovers and shorter hierarchical chains and this, therefore, increases the degree of interaction between the leaders and followers (Akonkwa *et al.*, 2021). Further, the preference of the leadership style in the study was corroborated by its potential to generate suitable dynamic capabilities needed to surmount growth challenges faced by SMEs as they transition across lifecycle stages to survive (Hilton *et al*., 2021; Martins, 2023; Páez *et al*., 2022; Saha *et al*., 2021). The study adopted dynamic capabilities and firm lifecycle stages respectively as the mediating and moderating variables. Dynamic capabilities build a firm's competitive advantage

necessary for addressing environmental dynamism while firm lifecycle stages describe the structural and contextual characteristics that firms exhibit at different phases of their growth cycle (Acosta-Prado & Tafur-Mendoza, 2024; Daft *et al*., 2020; Páez *et al*., 2022).

While from a theoretical standpoint democratic leadership is viewed as a leadership style with potential to enhance firm survival, there is paucity of empirical studies focusing on its adoption in healthcare SMEs especially across different lifecycle stages. Additionally, empirical research on SME performance has not adequately explained the operationalization of leadership practice to generate dynamic capabilities and the specific effect they have on the structural and contextual characteristics of the various firm lifecycle stages (Acosta-Prado & Tafur-Mendoza, 2024; Mashingaidze *et al*., 2022; Páez *et al*., 2022; Rahmanseresht & Yavari, 2017). This reasoning was applied to conceptualize the study and propose that survival of healthcare-based SMEs in Nairobi can be enhanced when the leadership practice is democratic and able to generate suitable dynamic capabilities needed to address growth related complexities associated with different stages of firm growth cycle.

Democratic Leadership

Democratic leadership is rooted in the principles of democratic and leadership theories (Arenilla, 2010; Dean *et al*., 2019; Gastil, 1994; Ingrams, 2019; Northouse, 2019). Reviewed literature posits that democratic leadership definitions are dynamic and innumerable which creates room for more investigations to situate the construct in the leadership discipline (Fakhri *et al*., 2021; Ray & Ray, 2012). Gastil (1994)'s sentiments that the dynamics on which democratic leadership is founded are amorphous and not well comprehended provide an opportunity for social scientists to undertake research that can direct policies aimed at creating democratic systems,

organizations, communities, societies, and even nations. Despite the depth of research and the global recognition of the critical role of leadership as a discipline in organizations, the conceptualization of democratic leadership remains generic due to the wide range of theoretical dilemmas the construct is associated with (Jdetawy, 2018; Northouse, 2019). Whereas the leadership dimension of the construct plays a key role in defining purpose and injecting energy required to solve organizational problems considered intractable, the democratic dimension brings out a style of thinking that incorporates collaborative approaches to conflicting or contested issues and at the same time accommodating contingency within its substructure (Jones *et al*., 2016).

Attempts to infuse the principles of democratic theories into those espoused by leadership practices to develop a concise definition of democratic leadership have been faced with a myriad of challenges, both in the past and the present. Kurt Lewin and a team of theorists mooted the "classic formulation of democratic leadership", that identified principles of collective decision-making, participation, honest criticism, and friendship (Bojadziev *et al*., 2019; Hussain *et al*., 2016). The model, also referred to as the "Lewinian Model of Democratic Leadership" was found insufficient to explicitly define democratic leadership but it is still relevant in all empirical investigations relating to the construct (Gastil, 1994; Safari *et al*., 2018; Wachira *et al*., 2018; Wilson, 2020). This state of affairs presents opportunities for researchers to undertake scholarly work to investigate the foundational bases of the constructs and develop mechanisms that illuminate the democratic leadership dimensions and phenomena that emerge once the construct is deployed into organizations.

To shape and enhance the definition of democratic leadership from the Lewinian model, Gastil (1994) integrated and supplemented the theoretical

underpinnings of the principles of democracy and leadership. This was done through a consideration of the linkage between leadership and authority, democratic leadership functions, leadership distribution, the roles played by democratic followers, and the ideal contexts that promote the application of the democratic framework of leadership. A review of other studies on styles of leadership and their conceptualization of leadership points to an emerging pattern that can be employed by researchers to advance scholarship on democratic leadership (Bojadziev *et al*., 2019; Hilton *et al*., 2021; Jdetawy, 2018; Northouse, 2019; Raelin, 2012).

The current study conceptualized democratic leadership by appreciating the role of personality characteristics (Northouse, 2019), the "Lewinian" classic democratic leadership model (Gastil, 1994), and the leadership definitions of the various authors (Hilton *et al*., 2021; Raelin, 2012). It also took into account the principles of Democratic Theory that comprise liberty, equality, justice, rule of law, individual rights, and responsibility redistribution (Arenilla, 2010; Dean *et al*., 2019), and the emerging demands for representative democracy in contemporary organizations that inculcate compromise and balancing of autonomy and control of power (Ingrams, 2019). Additionally, the three foundational forces of leadership highlighted by the situational leadership approach namely the forces exerted by the leader, the forces in the situation, and the forces emanating from the followers (Uchenwamgbe, 2013) shaped the three dimensions of democratic leadership that this study adopted.

The forces borne by the leader consist of the value system, beliefs, motivation, and convictions that guide his behaviors under dynamic contexts (Akoma *et al*., 2014; Kihara *et al*., 2016; Nedelko & Potocan, 2021). The forces that arise from the situation relate to the nature of the organization, the type of tasks being undertaken,

how effective the work group is, and the contexts under which decisions are made (Johansson & Ärlestig, 2022). The forces that arise from the followers comprise their willingness to undertake assigned duties and follow the leader and the leader's ability to identify and fulfill the needs of the followers (Asiimwe, 2021; Safari *et al*., 2018). The study adopted the forces in the leader to conceptualize the first dimension of democratic leadership namely democratic leader behaviors. The forces arising from the situation were adopted to conceptualize the second dimension namely; democratic workplaces, while the forces emanating from the followers were adopted to conceptualize the third dimension namely; democratic stewardship.

Dimensions of Democratic Leadership

The manner in which democratic leadership was conceptualized in the study was taken care of in the suggested three dimensions namely; democratic leader behaviors, democratic workplaces, and democratic stewardship that derive from subthemes highlighted in the extant literature (Asiimwe, 2021; Gastil, 1994; Hilton *et al*., 2021; Wilson, 2020). The reviewed literature highlighted certain leader attributes that this study clustered together to develop the first dimension that the study labeled as democratic leader behaviors. The attributes included direction setting, mission development, strategy implementation, coaching, building commitment, relationship development, adaptability, patience, friendship, caring, consideration for others, motivating, compromising, inspiring, self-determination, delegation, honest criticism, people alignment, and excellent communication (Gastil, 1994; Kihara *et al*., 2016; Northouse, 2019; Raelin, 2012; Uchenwamgbe, 2013).

Northouse (2019) and Raelin (2012) opine that effective leaders set the direction, develop an organization's mission, establish strategies for goal actualization, maintain employee commitment, and deal with dynamic changes.

Democratic leaders, control and guide members of the group by articulating the organization's goals and encouraging them to participate in processes of decision-making through strategies that build trust and respect in the leader and which enhance their commitment to the organization (Asiimwe, 2021; Chepkorir & Yambo, 2019; Wachira *et al*., 2018). They facilitate the democratic process by presenting the problem at hand to the members of the team who together evaluate the possible alternatives and jointly offer a common agreed-upon solution. Demonstration of democratic leader behaviors is required in contexts where many individuals are involved in the making of decisions or when consensus-building is necessary (Wachira *et al.,* 2018).

Wilson (2020) investigated the practice of democratic leadership in the USA and found that democratic leaders should be effective communicators who engage their constituents with utmost honesty. Lestari *et al*. (2018)'s study undertaken in Malaysia concluded that the democratic style of leadership has high regard for people meaning democratic leaders exhibit behaviors that promote relationship-building among the constituents of the organization. Such behaviors according to Lewin's model encourage collective participation, group discussion, joint decision-making, and comradeship among coworkers (Hilton *et al*., 2021).

A study by Akoma *et al*. (2014) undertaken in Nigeria focusing on determinants of styles of leadership in SMEs identified certain tenets of democratic leaders that include being influential, knowledgeable, good listener, stimulating, encouraging, respectful, promoter of cooperation, and self-determination. A study by Wachira *et al*. (2018) undertaken in Kenya posits that effective democratic leadership requires leader behaviors that are more facilitative than directive. The studies allude to a certain set of leader behaviors that is critical for the effective implementation of

democratic leadership in an organization. When adopted, they can build strong leader-employee relationships, thus leading to better employee and firm productivity and offering longer survival of healthcare-based SMEs.

Democratic leaders offer followers opportunities to have input on key organizational decisions which in turn builds employee responsibility, morality, and flexibility (Chepkorir & Yambo, 2019). Asiimwe (2021) opines that democratic leaders are selfless, espouse tenets of trust, honesty, and equity, and have the interest of all members of the organizations. The leader behaviors that democratic leaders display avoid the development of hierarchies that aggregate group members into social classes (Gastil, 1994). To understand how democratic leader behaviors can address the unique survival challenges faced by healthcare-based SMEs in Nairobi County, the study paid attention to four operational indicators namely direction setting, adaptability, democratic communication, and consideration and care for others. Leader behaviors that focus on articulation of the goals to be realized by the healthcare facilities, are adaptive to the ever changing environment, consider views of others, and are mindful of their well-being creates a high performing culture that can effectively address the unique healthcare sector challenges and enhance firm survival.

The second dimension, namely; democratic workplaces constitutes participation in decision-making, decentralization of power and authority, responsibility redistribution, inclusivity, ordered and group activities, teamwork, group member empowerment, selection based on merit, training, skill development, and mediation (Akoma *et al*., 2014; Asiimwe, 2021; Dolly & Nonyelum, 2018; Han & Garg, 2018; Wilson, 2020). Han and Garg (2018) introduced the term “democratic workplace” while referring to leaders’ role in the provision of a conducive work environment that empowers and involves employees in decision-making. The focus of

democratic leaders is on the creation of organized but challenging work climates, sharing responsibilities, setting clear goals, and motivating employees to unleash their potential to realize personal as well as organizational goals (Asiimwe, 2021). The key democratic leadership functions highlighted from extant literature include responsibility distribution among the group members, employee empowerment, and support to processes that aid in making decisions (Hilton *et al*., 2021; Wachira *et al*., 2018).

A study undertaken by Choi (2007) at Atlantic University in the USA shows that democratic leadership embraces decentralized decision-making approaches that promote discussions and participation among members of groups and teams in organizations. Matters related to the organization are decided upon consultation with other stakeholders and therefore the process of how this is facilitated is very significant to the stakeholders (Dolly & Nonyelum, 2018). A study in Iran by Safari *et al*. (2018) views a democratic workplace as a work atmosphere where employees freely interact among themselves, air their opinions, and deliberate on problems affecting their organizations to jointly make quality decisions that offer solutions to organizational problems. According to Bhargavi and Yaseen (2016)'s study on the performance of organizations in Ghana, the positive impact of the democratic style of leadership on the organization is founded on the provision of a conducive environment where employees freely express themselves, fully participate in processes of decision making and take risks to try novel and creative ideas.

Wachira *et al*. (2018) undertook a study in Kenya and found out that follower empowerment strategies that are espoused by democratic leaders such as training and educating employees are critical for equipping them with the skills and knowledge needed for the effective implementation of assigned tasks and ultimately

organizational success. Such strategies are perceived to be effective and promote an organizational environment that is healthy and which builds long-term cohesive relationships among all stakeholders (Al-Khasawneh & Futa, 2013). Sainis *et al*. (2017) assert that leading effectively means that leaders influence their constituents to optimally utilize their talents, skills, knowledge, abilities, and attitudes to realize organizational goals.

Democratic workplaces stimulate the followers not only to have the urge to be involved in the organization's operations but also to align their strengths with those of the leader as well as with those of the organization. Weber *et al*. (2009) propound that democratic workplaces help employees to be more knowledgeable about the complexity of processes in contemporary organizations, and gain a vast and extended vision necessary for making quality decisions that enhance employee capabilities. According to Sharma and Singh (2013), organizations that embrace democratic leadership perform better through increased employee productivity, better job satisfaction, high levels of morale, organizational commitment, and engagement. The items that this study used to operationalize democratic workplaces in healthcare-based SMEs in Nairobi were; organizational structure, distributed leadership, and inclusiveness. Leadership practices that pay attention to democratic organizational designs, teamwork, participation, and human resource development have the potential of creating a work climate that allows employees to become more innovative and unleash their full potential to surmount healthcare-based SME survival challenges including strict regulatory compliance demands and poorly skilled workforce.

The third dimension referred to as democratic stewardship inculcates tenets of equality, liberty, justice, rule of law, individual rights, individual responsibility, and balancing between control of power and autonomy (Arenilla, 2010; Dean *et al*.,

2019). Democratic leadership embraces group as well as leader participation in laying down governance structures such as rules and policies that guide the operations within the organization (Chukwusa, 2019). The application of principles of Stewardship Theory in the governance of organizations managed by democratic leaders highlights the unique attributes that this study applied to explain the suitability of democratic leadership in healthcare-based SMEs.

Cossin *et al*. (2015) opine that stewardship is a form of corporate governance but different in that the latter refers to compliance with a certain set of rules and regulations meant to benefit specific members of the organization, the shareholders; whereas, stewardship extends to encompass a long-range and vast consideration of values and norms driven by motivation that is beyond a "comply and explain" mindset. The concept of stewardship is critical in democratic leadership application in Nairobi's healthcare SMEs because it represents integrity, responsibility, accountability, and the long-range focus required for protecting organizational resources (Cossin *et al*., 2015). Raelin (2012) posits that democratic leadership focuses on collaborative processes that involve dialogue and active deliberation and which at face value can be misconstrued to be smooth and seamless. In reality, they are volatile and very argumentative and therefore require leadership built on principles of trust, egalitarianism, and common understanding of the values of all group members (Johansson & Ärlestig, 2022).

Sharma and Aruna (2022) propound that stewardship theory is rooted in relational, psychological, moral, ethical, and value-based ideologies which this study embraced to ground the democratic stewardship dimension of democratic leadership. One fundamental prerequisite of democratic stewardship is trust building and according to a study by Torfing and Bentzen (2020), leadership models based on trust

tend to empower employees through the distribution of leadership functions and flattening hierarchies. Kouzes and Posner (2011) observe that when leaders trust their followers, the followers reciprocate by trusting the leaders more, believing in their vision, committing to the organizational duties, and becoming more innovative. Democratic stewardship promotes fairness, justice, and concern for the constituents and considers the leader as a trustee whose focus is to realize collective goals and not self-interests.

Based on the views of different authors and the postulations of Steward Theory, the democratic leadership values of integrity, responsibility, trust, and concern for others lay a strong foundation for deployment of democratic stewardship in the survival of Nairobi's healthcare-based SMEs. The study operationalized democratic stewardship through attributes of integrity, individual responsibility, and accountability. While a majority of SMEs are established majorly for economic gain, those in the healthcare sector can improve their performance by adopting democratic stewardship principles which build trust between patients and healthcare professionals as well as between leaders and their subordinates which in turn results in better patient management outcomes.

In conclusion, the reviewed literature showed that democratic leadership is a preferred leadership style that can be embraced by healthcare-based SMEs to increase their survival rates in changing environments as is characteristic of today's business climate (Asiimwe, 2021; Safari *et al*., 2018; Wachira *et al*., 2018). Survival requires optimization of resource utilization through leadership processes, such as knowledge development, product improvement, strategic management, and change management by reconfiguring their resource bases and building dynamic capabilities necessary for a firm's competitive advantage (Wilden *et al*., 2013). Further, survival is a time-

dependent variable that is conditioned by the firm's lifecycle and depends on the leadership approaches embraced in each of the evolutionary and revolutionary phases. The firm lifecycle represents the various remarkable changes as the firm grows and is characterized by certain firm structural changes, leadership styles, and employee behaviors (Rahmanseresht & Yavari, 2017).

The successful transition of the firm through the developmental stages is influenced by a firm's dynamic capabilities that stimulate specific leadership functions which cause change through the reconfiguration of the various organizational resources such as the structures and the behaviors of employees to establish a dynamic fit with the prevailing context (Páez *et al*., 2022; Ince, 2018). The leadership of whichever time has intrinsic capabilities that instill change in systems as it provides direction. The change that it brings about is an aspect of that organization that it can tap into to build its capacity to drive its quest for superior performance. It is in this reasoning that the study suggested that healthcare-based SMEs that adopt democratic leadership can benefit through a set of relevant dynamic capabilities which help them to overcome complexities associated with firm growth across the various lifecycle stages. The next section discusses the roles that dynamic capabilities and firm lifecycle play in the relationship between democratic leadership and firm survival.

Dynamic Capabilities

Li *et al*. (2011) observe that the operations of SMEs largely depend on the external environment; therefore, posing the challenges of survival under an unpredictable macroeconomic environment. Moreover, a majority of SMEs are incapable of reaping the benefits associated with economies of scale, diversification, and learning curve effects making them less competitive in a dynamic business

context (Karadakal *et al*., 2015). Therefore, SMEs need to enhance their capacity to overcome the challenges they are faced with. This calls for intentionality in the strategies that SMEs employ to enhance their competitive advantage under such situations (Ulubeyli *et al*., 2018).

A survey undertaken in 2014 by McKinsey and Company across different regions, different industries, and different firm sizes concluded that building capabilities to enhance firm performance is one of the three critical priority considerations for firm survival (Castellaneta, 2016). Based on the study outcomes, the firm capabilities that were found important included those which promote leadership abilities, operational efficiency, marketing strategies, customer service focus, research and development, production mechanisms, and human resource practices. Morgan *et al*. (2012) view capabilities as a complex set of skills and knowledge entrenched in firm processes that enable them to perform better and survive than their rivals by transforming the resources at their disposal. Any firm possesses a wide range of intertwined capabilities which coexist for better performance outcomes (Feng *et al*., 2016).

Irrespective of the nature of the firm or the context of the industry in which they operate, the capability development process is perceived to be long and entails the embedment of the capabilities within the firm's operations (Grewal & Slotegraaf, 2007), thus calling for unique leadership skills that aid to catalyze the process. Dynamic capabilities and resource-based theories posit that firm capabilities are enablers of performing effective and efficient value-generating tasks (Kozlenkova *et al*., 2014; Teece *et al*.,1997). Reviewed literature distinguishes between operational and dynamic capabilities (Eisenhardt & Martin, 2000; Teece *et al*., 1997)

Teece *et al*. (1997) mooted the concept of dynamic capabilities and defined them as the firm's capacity to sustain a long-term competitive advantage. Eisenhardt and Martin (2000) considered ordinary capabilities as a firm's capacity that focuses on best practices, structures, and processes. Dynamic capabilities can expand, modify and develop ordinary capabilities (Teece, 2007) and this school of thought highlights the complementarity of the different capabilities in their endeavor to sustain competitive advantage and guarantee firm survival (Peteraf *et al*., 2013).

Teece (2016) considers dynamic capabilities as the organization's capacity to integrate, develop, and reshape the exogenous and endogenous resources and competencies in response to volatile business climates. Dynamic capabilities are more embedded in the organization's creative and innovative entrepreneurial and managerial practices than in approaches that change routines. Dynamic capabilities enable an organization to combine, develop, and transform the skills, processes, procedures, structures, and rules that guide decision-making to a super-performing organization whose operations are in tune with the opportunities and demands of the business climate (Teece *et al*., 1997; Teece, 2014). It can be concluded that dynamic capabilities align, and realign the leader's attitude, behavior, beliefs, and actions as well as the organization's business model and strategies to match changing environmental demands to develop high-performing organizations with better chances of surviving through turbulence.

Whereas dynamic capabilities are critical enablers of building a firm's competitive advantage, a link needs to be established on how they influence democratic leadership practices to enhance the survival of healthcare-based SMEs in Nairobi. The uniqueness of dynamic capabilities derives from their potential to be developed through path-dependent learning that creates, enlarges, and restructures

firm resources for survival (Tallott & Hilliard, 2016). Páez *et al*. (2022) opine that ordinary or operational capabilities have the potential to "change" whereas, dynamic or high-order capabilities "bring about the change" which infers that dynamic capabilities build on the foundations of ordinary capabilities to enhance a firm's competitive advantage.

A study by Lopez-Cabrales *et al*. (2017) indicates that research on drivers of dynamic capabilities is in its infancy and is just emerging. Wilden *et al*. (2013) note that there is a lack of understanding of contexts under which dynamic capabilities influence the performance of firms. Previous research by Helfat *et al*. (2007) has highlighted the role of managers in creating firm dynamic capabilities and therefore subtly roping in leadership influence in the dynamic capability development process. A study undertaken in Ghana by Martins (2023) to investigate the relationship between the performance of SMEs and their dynamic capabilities during the COVID-19 Pandemic showed that leadership approaches that influence the performance of SMEs in a disruptive environment do so through the deployment of drastic strategies for resource restructuring such as those promoted by dynamic capabilities. Investigations that relate to dynamic capabilities have given environmental contexts and organizational structural designs a wide berth.

These observations lead to the conclusion that dynamic capabilities work by improving the existing firm's ordinary resources and realigning the leadership practice in place. They are developed in response to environmental demands and therefore it can be assumed their development process is intentional and context-dependent. Moreover, the concept of dynamic capabilities is borne out of the weaknesses observed with the Resources Based View (RBV) which focuses on the nature of a firm's resources and capabilities needed for its strategic strength and not

on how they can be reconfigured to match changing market demands. RBV considers a firm's resources as static and that internal resources are responsible for the achievement of competitiveness, but ignores the strategic role of external context (Lewis *et al*., 2010). The focus of dynamic capabilities is on the manner in which such resources and capabilities can change and be transformed with time to match the turbulence in the environment (Teece *et al*., 1997). These arguments point to emerging knowledge gaps that call for a deeper understanding of the operationalization process of dynamic capabilities.

The current study used dynamic capabilities as the mediating variable between democratic leadership and the survival of healthcare-based SMEs in Nairobi. One of the questions that the study sought to answer is how dynamic capabilities influence the relationship taking into account there is insufficient research expounding how they are operationalized and the shortcoming of the RBV. To respond to the question, it is suggested that the application of dynamic capabilities in democratic leadership is in their abstract ability to revolutionize and change the democratic leader behaviors, the nature of democratic workplaces, and the enactment of democratic stewardship which enhance the effectiveness and the efficiency of the process of decision making and firm performance. The study extended this school of thought to explain the relationship.

The initial operational indicators considered in this study were (1) sensing capabilities, (2) seizing capabilities (3) configuring capabilities. While sensing capabilities were considered to help healthcare SMEs in Nairobi to identify opportunities such as emerging patient needs, seizing capabilities were considered to trigger them to react and develop strategies to address such needs. Configuring capabilities push the SMEs to develop new potential that help them to design

innovative business models and embrace new technology in their processes which in turn confer competitive advantage (Makelana *et al*., 2024). Thus, for healthcare SMEs to reap maximum benefits from democratic leadership practice, the leadership style should promote the development of the three sets of dynamic capabilities and combine them in a manner that helps them to enhance their regulatory adaptation and patient centric innovation.

Firm Lifecycle Stages

Any startup begins with the development of an idea followed by its commercialization through setting up a new enterprise, putting structures to entrench its operations in the market, and developing strategies to expand and diversify its product and service offering to realize growth and guarantee survival that eventually forestalls any decline and business closure (Verma, 2019). The developmental stages of the enterprise from birth to maturity or decline and eventual death represent the enterprise's life cycle stages. The lifecycle stages according to Hanks *et al*. (1993) are also referred to as stages of development or stages of growth. Despite the extensive research done on firm lifecycle, there is no consensus on the exact number of stages that constitute each firm lifecycle although there is agreement that firm growth experienced in the various stages is about the development and management of resources as well as capabilities (Stettner *et al*., 2014).

Firm lifecycles have been used as a means of describing the scope of the processes that organizations encounter in their growth and therefore their survival (Cheikhrouhou *et al*., 2012). Shirokova (2009) notes that firms employ the concept of the lifecycle to expound on the changes experienced in organizations over their lifetime as a result of firm growth and the changes in management approaches. Perkins and Khoo-Lattimore (2020) aver that the analysis of firm lifecycles allows the

determination of the stream of changes that occur at every stage of growth of a business. The schools of thought of the Lifecycle Theory and the Social Evolutionary Theory expound on how organizations evolve in terms of their diversity and their capabilities in the different developmental stages along the lifecycle. (Rungi, 2015). Okwo *et al*. (2019) propound that the theoretical foundation that underpins the life-cycle of organizations characterizes their lifespan thus keeping the leaders alert to avert decline or any eminent collapse. Carnes *et al*. (2017) propound that surmounting the various challenges encountered in each of the growth phases requires unique strategies focusing on the formulation of management capabilities that orchestrate the internal resources as well as the different capability portfolios of the firms.

Hanks *et al*. (1993) describe the lifecycle stages as distinct designs of variables characterized by the contextual and structural determinants of the organization. Contextual determinants consist of the age of the organization, the size of the organization, the rate of growth of the industry, and firm-related challenges, while structural determinants constitute the form, degree of formalization and centralization, vertical differentiation, and the height of hierarchical levels (Cheikhrouhou *et al*., 2012). Past evidence from empirical research on firm growth concludes that firm development is not based on a pre-determined sequence of phases, but evolves through a firm-specific set of stable states followed by unstable states that relate to problems of management (Alamoudi, 2019). Firm growth is a path-dependent framework with unique firm characteristics and is constrained by external environment consequences which Phelps *et al*. (2007) refer to as “tipping point challenges”. These challenges must be surmounted to maintain growth and survival.

This study used Greiner’s Growth Model to explain the lifecycle stages and their implications on the operations of SMEs. Growth models are applied as

diagnostic tools that help to evaluate a firm's status and anticipate its demands as it transitions from one growth stage to another in its lifecycle (Raparla & Modh, 2023). Although Greiner's Model was originally fronted to explain growth of organizations and the developed adaptive strategies to surmount growth complexities, it was adopted in this study because of the recent reviews that encompass modern dynamics in business as exemplified by healthcare SMEs (Muroruhirwe & Tarus, 2025). Smaller enterprises including healthcare SMEs encounter more challenges than larger ones as they grow and this is well explained by the cyclical nature of the lifecycle stages and the need for adaptive leadership as emphasized by the model.

The model identifies five distinct stages of growth that are characterized by five dimensions namely; the age of the firm, the size, the phases of evolution, the phases of revolution, and the industry sector growth rate (Alamoudi, 2019). Each of the phases consists of an evolutionary period during which the firm's growth is stable, followed by a revolutionary period dotted with management-related crises (Lu & Wang, 2018). The five stages are; creativity, direction, delegation, coordination, and collaboration. The first evolution phase of creativity ends when a revolution related to a leadership crisis sets in (Daft *et al*., 2020). This ushers in the second evolutionary phase of direction which ends with a revolutionary crisis of autonomy. The evolution phase of delegation ends when the revolutionary phase of control sets in and at the same time ushers in an evolution phase of coordination. A crisis related to red tape marks the end of coordination and ushers in the fifth evolution phase referred to as collaboration whose end is marked by different types of crises.

The events that take place in each of the two periods represent the problems and solutions of the five stages and put leadership practices at the center of the lifecycle stages (Saha *et al*., 2021). The phases of evolution and revolution raise

issues of firm growth that touch on the dimensions of firm size and age. The two are what draw the attention of leadership because of the challenges they may bring about in terms of cost and adjustment of internal systems and leadership initiatives (Kristanti *et al*., 2019). The growth through increased firm size is depicted by an increase in the number of employees and the revenue from sales. The resultant effect is an increment in the complexity of internal systems such as job roles and hierarchies which impact communication and coordination of leadership functions. The implication of the various stages represented in Greiner's Model is the need to embrace an adaptive approach to the leadership style that is applied in each of the stages to sustain growth and firm survival.

Democratic leadership in SMEs is of interest to researchers because it has been shown to address common SME challenges in the various growth phases (Berraies *et al*., 2021). Therefore, the study investigated if firms' lifecycle stages moderate the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi. It operationalized lifecycle stages by borrowing the five dimensions of Greiner's growth model namely; the age of the firm, the size of the firm, the phases of evolution and revolution, and industry sector growth rate.

Firm Survival

Firm survival according to Majukwa *et al*. (2020) is an important area of focus for many SMEs especially those predisposed to high risks of failure. Operations of a majority of SMEs in developing economies lack formal structures and do not adhere to the laid down business policies and therefore are more prone to survival challenges (Baporikar *et al*., 2016). The definition of the term "survival" by Merriam-Webster.com dictionary (2022) as the act of remaining alive, being in existence, or exhibiting prosperity brings out the concept of time and arouses the desire for

scholarship on ways in which firm survival can be enhanced and measured. Comprehension of the relationship between firm survival and firm performance or firm growth can help scholars to measure firm survival and therefore recommend appropriate mechanisms to keep SMEs on track.

The link between firm survival and performance is highlighted in Majukwa *et al*.'s (2020) observations that the survival capacity resulting from an enterprise's ability to weather the economic and competition vagaries that start-ups face in the early phases provides the driving force required for their growth. Many large corporate organizations spring from the growth of small organizations (Adam & Alarifi, 2021; Rahman *et al*., 2022), and therefore their survival is critical for global economic growth. Bilal *et al*. (2017) state that the growth of SMEs is guaranteed when such enterprises survive adverse environmental changes. These arguments and observations place SME survival at the center of their performance measurement because organizations that are unable to sustain their operations fail the survival test and become non-performing.

Different approaches have been conceptualized to evaluate the concept of firm survival. For instance, strategies that build a firm's competitive advantage through value creation guarantee its survival (Islam & Wahab, 2021), and this infers that survival can be evaluated by considering the strategies that either promote or hinder growth. Exogenous and endogenous factors enhance growth in some situations and constrain growth in other contexts with a resultant effect on the firm's ability to produce, increase its market share, boost profits, or offer quality services. Both the strategies employed and envisaged outcomes are considerations that firms can employ to assess their chances of survival (Sadeghi, 2018).

A study by Barbosa (2016) showed that both financial as well as strategic measures can be effectively applied to evaluate firm survival. The financial measures that the study identified included cash at hand, level of debt, cash reserves, turnover of cash receivables, and technology utilization. Strategy measures included the nature of products and services, geographical market share, market segment, level to tolerate risks, and projected sales. Another study by Ahmad *et al*. (2020) embraced the concept of longevity and measured firm survival with financial performance, customer service focus, learning and development, and internal proficiencies. Ahmad *et al*. (2020)'s measures are derived from the Balanced Scorecard Model (BSC) which according to Kaplan and Norton (2007) is more comprehensive and provides an opportunity for business to effectively evaluate their performance. This study adopted an integrated view of the construct of survival and defines it as a state of achieved ability to cope or transition from one stage to another. It uses the Balanced Score Card (BSC) items that include; financial strength, customer focus, internal business proficiencies, innovation, and learning ability.

Small and Medium Enterprises

SMEs are members of a heterogeneous community of economic agents with diverse characteristics depending on the industry sector they belong to, the target markets they focus on, the products they specialize in, and their level of involvement and connectedness with the macroeconomic environment and other institutions that offer varied support (Neirotti *et al*., 2018; North *et al*., 2020). World over, SMEs play a significant role in the growth of the local economies, revenue generation, provision of employment, improving citizens' standards of living, and provision of social stability (Majukwa, *et al*., 2020). Muriithi (2017) observes that SMEs propel global economies and are the backbone of industrialization. SMEs are prolific creators of job

opportunities, the seeds that give forth to large corporates, and the fuel that keeps the engines of national economies firing (Abor & Quartey, 2010; Majukwa *et al*., 2020).

Naradda *et al*. (2020) state that SMEs globally contribute 90 percent of business ventures and provide 60 percent of the workforce worldwide. Reports by the European Commission show that 54.5 percent of the European Union's GDP in 2018 came from SMEs that were established under the non-financial arm of the economy and provided 61 percent of the region's labor force (Akenroye *et al*., 2020). Data obtained from the United Kingdom's (UK) National Statistics Department indicate that by 2020, SMEs in that nation accounted for 99 percent of all businesses in the private sector, 60 percent of available job opportunities, and 52% of the revenue turnover (Nguyen *et al*., 2022).

Afande (2015b) asserts that SMEs in most African nations contribute more than 90 percent of business ventures and are responsible for between 50-60 percent of the job market. A majority of Zimbabwe's job vacancies are provided by SMEs leading to a 50 percent contribution to the country's overall GDP (Majukwa, *et al*., 2020). Akonkwa *et al*. (2021) note that 80 percent of the economy in the Democratic Republic of Congo (DRC) is driven by small enterprises. In Kenya, SMEs are described as the heartbeat of the economy (International Finance Corporation [IFC], 2019) and form a majority of the private enterprises (7.4 million SMEs). They provide 78 percent of the workforce (14.9 million people) and contribute up to 33 percent of the nation's GDP (Kiiru *et al*., 2023; Mwaniki & Ondiek, 2018).

Despite their significant role, the survival of SMEs is threatened by many obstacles which thwart their performance and socio-economic growth and impede their long-term existence (Majukwa *et al*., 2020; Murithi, 2017). Douglas *et al*. (2017) opine that the SME sector is constantly changing with new ventures being established

annually but quite a number also collapsing and shutting doors at the same time, thus creating a state described as the "enterprise churn". This is attributed to limited resources, inadequate management skills, and diversification challenges which make them vulnerable to competition and therefore unable to keep up with the pace of the changes in the environment which forces them to collapse (Naradda *et al*., 2020; Ulubeyli *et al*., 2018).

According to the Small Business Association of the United States, approximately 50 percent of businesses fail before their fifth birthday and only 25 percent survive beyond fifteen years of their establishment (Quansah *et al*., 2022). Douglas *et al*. (2017) observe that 50 percent of start-ups in the UK die in their first five years of establishment. A similar trend is observed in Malaysia despite the vast growth of their SME sector with the failure rate being approximated at around 60 percent (Islam & Wahab, 2021). In Africa, the rate of survival of businesses in Nigeria is 20 percent and is attributed to failure in employing suitable strategies for their sustainability (Adebisi & Bakare, 2019). Akonkwa *et al*. (2021) observe that the death rate of new ventures in DRC is more than 80 percent within the first five years of their establishment and more than 90 percent of these failures are attributed to management and governance issues.

KBA (2021) points out that SMEs in Kenya also face many challenges that result in high rates of failure and stagnation. A study by Githinji and Gilbert (2022) puts the failure rate at 46 percent. Mwaniki *et al*. (2022) identify weak management practices, poor information dissemination, technology adoption challenges, and lack of interconnectedness with regional and global value chains as the causes of SME failure. There is a consensus that if all SME stakeholders were to be fully committed to the growth and development of the sector, more SMEs would thrive and the

survival challenges would be overcome and therefore the global economies would be transformed (Afande, 2015b).

As mentioned earlier, survival challenges are more pronounced in developing economies than is the case in the developed nations and the nature of the challenges differs from one economy to the other. For instance, in Asia, the common survival challenges for SMEs include inadequate resources, inability to benefit from economies of scale, high costs of transaction, lack of adequate local and international networks (markets), competition, unstable business environment, poor innovative culture, and lack of entrepreneurial skills (Yoshino & Taghizadeh-Hesary, 2016).

In South Africa, Sitharam and Hoque (2016) categorize them into internal factors that include managerial incompetence and poor skills, lack of finance, and technological incapability, and external factors that include competition, globalization, regulation, crime, and corruption. Biswas (2014) asserts that the most critical challenge faced by many SMEs in African countries is the inadequate capability to sustain their performance and success and ultimately their survival. According to Mugo *et al*. (2019), a report by Deloitte Kenya Economic Outlook identifies several challenges that are faced by Kenyan SMEs and which hinder their survival: lack of access to capital, market-related issues, poor state of infrastructure, fast-paced technological changes and, inadequate mechanism for acquisition and development of knowledge and skills.

These arguments and observations by different authors allude to the need for the development and implementation of effective policies to address the survival challenges faced by SMEs. Different countries have put in place mechanisms to stem the collapse of SMEs. For example, the USA and other European countries have developed policies and incentives that establish a conducive environment for the

sustained survival of SMEs (Gherghina *et al*., 2020). Asian countries have focused on diversification of financing channels through the creation of specialized private banks for financing SMEs and new schemes for credit guarantee, the establishment of a database for SMEs and their credit rating, the introduction of tax incentives for new inventions, collaboration programs on innovation and better utilization of information about SMEs (Yoshino & Taghizadeh-Hesary, 2016). A South African study by Sitharam and Hoque (2016) identified the review of labor laws, tax regulations, and government bureaucracy, as well as the improvement of infrastructure. The study also recommended programs targeting internal factors such as managerial skills and competence

Mwaniki *et al*. (2022) state that the Kenyan government has also taken measures to improve the SME ecosystem to guarantee their survival. It has developed policies that are formulated as session papers and focus on the creation of a conducive business climate for startups and those enterprises in different phases of growth to survive and thrive. The policies include: development of entrepreneurial culture, capacity and skill building, building networks for accessing local and global markets, diversification of financing programs, infrastructure development, incentives for startups, design and implementation of sector support programs, review of laws and regulations at national and county government levels, mitigation and risk management program for emergent business demands, and procedures for formalization (Republic of Kenya [ROK], 2020).

Whereas there are attempts by governments to improve the performance of SMEs, challenges to their survival remain a major impediment to their success. A close look at the myriad of challenges contributing to SME deaths both at global and regional levels is attributed to leadership gaps (Githige, 2025; Kelvin & Morrisson,

2023; Musabi & Kipkebut, 2024; Mwaniki *et al*., 2022; Naradda *et al*., 2020; Ulubeyli *et al*., 2018). Further, the adaptive and flexible nature of democratic leadership fronts it among the preferred leadership styles that would allow firms to generate the suitable dynamic capabilities needed to surmount the SME survival challenges that arise as they transition from one lifecycle stage to the subsequent one (Danvila-del-Valle *et al*., 2018; Hilton *et al*., 2021; Safari *et al*., 2018; Wachira *et al*., 2018). On this basis, the study intended to investigate how SME survival challenges are influenced by democratic leadership, dynamic capabilities, and the stages of the business lifecycle. It focused on healthcare-based SMEs because of their heterogeneous nature. The findings can help to explain the survival challenges faced by health sector SMEs in Kenya.

SMEs in the Healthcare Sector

The common features that characterize a majority of SMEs are not only sector-specific but also pervade the healthcare sector SMEs (Ahmed *et al*., 2018; Akinyi, 2024; Githige, 2025). Vaughan and Edwards (2020) propound that small healthcare facilities globally operate under threat of closure and the reasons advanced revolve around the operational costs, quality of services, and unavailability of skilled workforce. In the USA, the threat to the survival of small hospitals is real and causes most of the secondary and tertiary medical services to be offered by larger hospitals. In India, the survival of hospitals under the SME category is constrained by factors such as industry regulations, poor infrastructure, delays in insurance refunds, inadequate skills, and high human resource costs (Ahmed *et al*., 2018). Resource inadequacy in healthcare-affiliated SMEs is considered a major hindrance to fully optimizing their activities to increase their revenue streams.

African Health Markets for Equity (AHME) opine that while inadequate financing is a top survival challenge faced by SMEs in Africa, those in the health sector grapple with unique bottlenecks that affect their growth (IFC, 2009; Kaluyu, 2025). Despite private healthcare-affiliated enterprises in Kenya controlling about 43 percent of healthcare services (Dinda *et al*., 2016; Githige, 2025), they experience a myriad of survival challenges (Kaluyu, 2025; Kelvin & Morrisson, 2023).This is due to inadequate business skills, a lack of experience in managing healthcare information and communication programs, the cost of multiple licenses from counties and other regulatory bodies, financing difficulties, and competition from unlicensed and informal enterprises (Barnes *et al*., 2009; Kelvin & Morrisson, 2023). Enterprises in the healthcare sector are considered high-risk business due to their complexity and dynamic nature of the industry (Strathmore University Business School, 2024).

Unlike other disciplines, SMEs in healthcare hardly embrace group practices. A majority of medical practitioners are unwilling to sign contracts or share profits with others and therefore lose the benefits accrued with economies of scale (Barnes *et al*., 2009). The founder-entrepreneurial culture is still very influential in shaping the organization's culture and this can be an impediment when the SME grows in size and when collaboration with other employees is required (Karadakal *et al*., 2015). The perception that healthcare is a venture meant for the common good of the population makes it hard to employ the appropriate business principles in running Kenyan healthcare-based SMEs. In addition, it has been observed that many medical practitioners do not consider themselves entrepreneurial, lack entrepreneurial skills, and do not keep proper records or possess prerequisite documents to meet loan application criteria which complicates access to finance by SMEs in the healthcare sector (Al Salmi *et al*., 2024; KBA, 2021; Musabi & Kipkebut, 2024). Some

recommendations that healthcare-based SMEs can embrace to surmount survival challenges according to Barnes *et al*. (2009) include the establishment of structures that promote proper governance and effective stewardship within the SME structures, improving access to loans, developing quality products and services, and offering support through training and knowledge transfer.

The focus on the survival of SMEs in the healthcare sector was important to this study because the findings can be embedded in national policies for effective management of diseases and improvement of the health of the citizens which translates to a thriving economy. Muturi and Mungai (2020) posit that the provision of quality healthcare under Universal Health Coverage (UHC) is one of the key social pillars in Kenya's Vision 2030 and therefore SMEs in the healthcare sector should play their role in advancing the national dream. The centrality of survival of healthcare-based SMEs is highlighted by the emphasis on Public, Private Partnerships (PPPs) that allow SMEs in the private sector to participate in developing and maintaining infrastructure in the healthcare sector through concessions or signing contractual agreements (Kenya Year Book, 2020).

The Kenyan government has prioritized the improvement of the healthcare sector since independence with private players being among the key stakeholders under consideration (ROK, 2022). For instance, Kenya's strategic plan for the health sector (2018-2023) recognizes the role of private healthcare providers among them SMEs (ROK, 2018). The strategic plan outlines several policies to enhance the healthcare service delivery which include: the development of a robust human capital, the adoption of new healthcare products and technology, better financing approaches, improvement of healthcare infrastructure, and investing in research and development. Despite the effort by the government to promote the performance of the private

healthcare sector through the targeted healthcare policies and SME improvement programs (ROK, 2020), Kenyan SMEs including those in the healthcare sector continue to perform dismally due to survival challenges (Mwaniki *et al*., 2022). Thus, there could be other factors that affect the survival of SMEs in Kenya that require further investigation.

There has been extensive research done on mechanisms to improve the performance of SMEs globally, but sufficient research targeting SMEs in the healthcare sector is lacking (Ahmed *et al*., 2018; Chattopadhyay, 2013; Githige, 2025). Most of the previous studies carried out on SMEs in healthcare service providers focus on the relationship between firm performance and innovation (Baharun *et al*., 2019; Kelvin & Morrisson, 2023; Lagerström & Lindholm, 2021; Muinga *et al*., 2020; Zakery & Saremi, 2021) or access to finances (Barnes *et al*., 2009). Several studies undertaken in Nairobi City County, Kenya on the healthcare sector focus on public health facilities and those that pay attention to private enterprises investigate a very specific target population such as clinics in the slums, middle-tier hospitals, or clinics run by a private hospital (Dinda *et al.,* 2016; Kaluyu, 2025; Kelvin & Morrisson, 2023; Mohamoud & Mash, 2022; Odhiambo & Kinyua, 2021). The studies are more focused on patient outcomes but vague on SME categorization and the adopted leadership styles. Dinda *et al*. (2016) opine that previous investigations in some hospitals in Kenya have identified gaps in leadership as possible reasons for poor service delivery although this has not been supported empirically.

This study focused on the private enterprises under the category of SMEs which constitute the majority of healthcare facilities in Nairobi (Kenya Medical Practitioners and Dentists Council [KMPDC], 2022). Kenya's Ministry of Health

[MOH] (2019) categorizes the healthcare sector by either the ownership structure or the key functions that the service providers are involved in. KMPDC (2022) categorizes health facilities by ownership or by size which is determined by the type of services provided, by bed capacity, or by the number of permanent employees. The recognized categories of ownership are governmental institutions, faith-based organizations, and private enterprises. Categorization based on size identifies eight levels: level 1, level 2, level 3A, level 3B, level 4, level 5, level 6A, and level 6B. There is a total of 1581 healthcare facilities in Nairobi City County, out of which 103 are public institutions, 1444 are private enterprises, and 34 are faith-based organizations. Tables 1 and 2 give a summary of the various categories of health facilities in Nairobi.

Table 1:Summary of all the Healthcare Facilities in Nairobi City County Based on Services

s/no	Category Based on services	Public	Private	Total
1	Basic healthcare center	4	3	7
2	Cottage hospital	0	7	7
3	Dental Centre & Clinic	0	192	192
4	Dispensary	43	19	62
5	Eye Clinic & Hospital	0	33	33
6	Faith-based dispensary & Hospital	0	36	36
7	Funeral Homes (stand-alone)	0	4	4
8	Health centers	32	55	87
9	Hospital levels 4 & 5	12	88	100
10	Maternity Homes	0	13	13
11	Medical center	1	368	369
12	Medical Clinic	6	500	516
13	Mobile Clinic	0	6	6
14	National Teaching & Referral Hospital	3	0	3
15	Nursing Homes	0	116	116
16	Private Teaching & Referral Hospital	0	1	1
17	Rehabilitation Centre	0	1	1
18	Specialized Tertiary Referral Hospital	0	5	5
19	Specialized Treatment Centre	0	23	23
	Total	101	1470	1581

Source: KMPDC (2022)

Table 2:Summary of all Healthcare Facilities in Nairobi City County based on Size

Category by Levels	Level 2	Level 3A	Level 3B	Level 4	Level 5	Level 6A	Level 6B	Total
Public	49	7	32	10	2	3	0	103
Private	712	411	191	108	16	0	6	1444
Faith-Based	14	8	0	9	3	0	0	34
Total	775	426	223	127	21	3	6	1581

Source: KMPDC (2022).

This study was carried out in Nairobi City County for several reasons. Whereas the county shares some common characteristics with the counties of Kajiado, Kiambu, Machakos, and Muranga under the jurisdiction of the Nairobi Metropolis (Security Research and Information Centre, 2021), the SME sector is considered to be more vibrant in Nairobi County due to the existence of a larger number of registered enterprises (Cruz & Hernandez, 2022). The county harbors a multicultural population, has the highest number of private healthcare-based enterprises, and is the headquarters of most of the regulatory bodies (Dinda *et al*., 2016). Additionally, Nairobi's business startup ecosystem is more stable and has higher chances of registering better firm growth and therefore better SME survival rates in comparison to enterprises in other counties. Mwaniki and Ondiek (2018) consider Nairobi City County as the host to Kenya's capital city and has better infrastructure than any other county in the country. These observations coupled with paucity of scholarship on healthcare-based SMEs in Kenya built a strong case for undertaking the study.

Statement of the Problem

Even though SMEs including those in the healthcare sector play a significant role in the development of global, regional, and local economies through the prolific creation of employment opportunities, improvement of quality of health, enhancement of citizens' standards of living, and birthing of large organizations (Githige, 2025;

Kiiru *et al*., 2023; Mnyazi & Makhamara, 2023; Rahman *et al*., 2022), they are faced with constraints of transitioning across the stages of development to higher levels of maturity in their growth which results in dismal performance (Githinji & Gilbert, 2022;KBA, 2021;Mwaniki & Ondiek, 2018). Specifically, performance of Kenyan healthcare-based SMEs is a major challenge which affects effective implementation of key government healthcare programs such as those linked to Vision 2030 among them UHC and Social Health Authority programs [SHA] (Kaluyu, 2025; Owino *et al*., 2020; Viffa Consult, 2020).

The Government of Kenya and other development partners have put in place an array of strategies to address the SME performance challenges (KBA, 2021; Kiiru *et al*., 2023; ROK, 2018, 2020, 2022). The strategies are geared toward creating a conducive business climate for the SMEs to perform better. They include simplifying processes for accessing finance, establishing networks for local and global markets, developing healthcare infrastructure, and building efficient and skilled human capital. The uptake of public-private partnerships in the healthcare sector has also been up scaled in the last decade (Akinyi, 2024; Kaluyu, 2025; Kenya Year Book, 2020; Mohamoud & Mash, 2022).

Despite the intentional effort, the survival rates of SMEs remain a matter of great concern therefore, prompting the need for more scholarship on the subject. A study by Githinji and Gilbert (2022) on innovation in Kenyan SMEs put their survival rate at 54 percent. This infers that almost half of those established at any particular time do not survive to maturity. Although there are no specific statistics from the reviewed literature on the survival rates for those in the healthcare sector, there is general consensus that Nairobi based healthcare SMEs are faced with higher failure rates and are unable to adequately meet healthcare demands in the county (Akinyi,

2024; Githige, 2025; Kelvin & Morrisson, 2023). The private healthcare providers to which the SMEs belong command about 43 percent of the sector yet their annual growth has consistently been on a downward trend (Dinda *et al*., 2016; Githige, 2025). While leadership has not been directly linked survival of healthcare SMEs in Nairobi, research has shown that performance gaps in the healthcare sector can be addressed by adopting effective leadership practices (Al Salmi *et al*., 2024; Githige, 2025; Musabi & Kipkebut, 2024).

The success of any organization is determined by the quality of leadership practice that the organization adopts (Lestari *et al*., 2018; Northouse, 2019). It is on this basis that this study investigated if the leadership practiced in healthcare-based SMEs is among the factors that contribute to the 46 percent of SMEs' failure rate. Although theories of leadership present many alternatives of applicable styles of leadership, the study adopted democratic leadership as a probable style that can influence healthcare-based SME survival through the lifecycle stages. This is because SMEs' operations are limited and their hierarchical chains are shorter (Akonkwa *et al*., 2021). Moreover, democratic leadership has been shown to develop leaders with a future-oriented focus (Hilton *et al*., 2021; Safari *et al*., 2018), encourages participation (Dolly & Nonyelum, 2018), creates a conducive work climate (Danvila-del-Valle *et al*., 2018; Jdetawy, 2018), and is effective in SME turbulent contexts, where flexibility and adaptive behaviors are critical for survival (Wachira *et al*., 2018).

Although the study adopted democratic leadership as a probable leadership style in managing SMEs, the mechanisms in which it influences those in the healthcare sector are underexplored. The differences in the way the two components of democratic leadership (democracy and leadership) are conceived by previous authors and the foundational theories that are considered to anchor the construct

present an opportunity for researchers to think critically about how to operationalize and apply democratic leadership (Amini *et al*., 2019; Northouse, 2019). The empirical research on democratic leadership by several scholars has been shown to be in an embryonic state due to a lack of sufficient studies linking the various dimensions of democratic leadership and firm survival.

While some of the empirical studies focus on a single component and not the multiple components of democratic leadership (Argyrou *et al*., 2017; Le *et al*., 2021; Nedelko & Potocan, 2021; Schillemans & Bjurstroem, 2019), others link democratic leadership with performance and not with the construct of survival (Asiimwe, 2021; Hilton *et al*., 2021; Wachira *et al*., 2018). Studies on healthcare service providers in Nairobi City County pay more attention to the public institutions or to specific private establishments and not to the broad category of healthcare-based SMEs (Kelvin & Morrisson, 2023; Odhiambo & Kinyua, 2021; Mohamoud & Mash, 2022). Previous researches on Nairobi City County healthcare sector emphasize patient outcomes but remain silent on the role of SMEs and leadership in promoting service delivery (Dinda *et al.*, 2016; Mohamoud & Mash, 2022).

The effect of environmental dynamism on the healthcare-based SME ecosystem on application of democratic leadership to enhance SME survival across the stages of growth triggers the need to identify the role of the relevant dynamic capabilities that it generates for an organization. The specific types of dynamic capabilities and the effect they have on firm survival have not been adequately explained with empirical research (Páez *et al.*, 2022; Hernandez-Linares *et al*., 2021). Thus, there is a lack of understanding of the dimensions of democratic leadership and how they would apply in healthcare-based SMEs in building their capabilities to survive across the different phases of their growth.

The Nairobi City County was adopted for this study due to the advantage of a more stable business startup ecosystem with better chances of firm growth, the presence of more healthcare-based SMEs, and a diverse population as compared to other surrounding counties (Cruz & Hernandez, 2022; Dinda *et al*., 2016; Mwaniki & Ondiek, 2018). Therefore, the focus of this study was to answer the question, 'what are the mediating and moderating effects of SME-generated dynamic capabilities and their lifecycle stages respectively on the relationship between the dimensions of democratic leadership and the survival of SMEs in the healthcare sector in Nairobi County, Kenya?'

Research Objectives

The general objective of this study was to investigate the mediating and moderating effects of dynamic capabilities and firm lifecycle stages respectively on the relationship between democratic leadership and the survival of SMEs in the healthcare sector in Nairobi City County, Kenya. Specifically, the study sought to meet the following research objectives:

i. To investigate the effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya.
ii. To explore the effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya
iii. To evaluate the effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya.
iv. To test the mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.

v. To assess the moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.

Research Questions

The research sought to answer the following research questions:

i. What is the effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya?
ii. What effect do democratic workplaces have on the survival of healthcare-based SMEs in Nairobi City County, Kenya?
iii. What is the effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya?
iv. How do dynamic capabilities mediate the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya?
v. How do firm lifecycle stages moderate the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya?

Assumptions of the Research

To meet the objectives of the study, several assumptions were made. First, the study assumed the existence of an entrenched leadership practice within the healthcare-based SME sector that could be defined and whose components could easily be singled out during their daily work operations. Healthcare-affiliated facilities are categorized into levels based on the scope of services offered and the number of employees. This led to the second assumption that the level 2-5 categories had an adequate number of employees to qualify the facilities as SMEs and that the

employees exhibited work behaviors reflective of the healthcare-based SME's embraced style of leadership. The third assumption was that all the healthcare-based SMEs had structured their operations into functional departments that were headed by a substantive manager from whom the study could draw information based on their experiences and observations. The fourth assumption was that healthcare-based SMEs have specific structural and contextual indicators that would help the study to identify the stage in which they were on their lifecycles. The fifth assumption was that the healthcare-based SMEs were in a state of growth, there were mechanisms in place to measure the growth, and that the respondents would provide honest opinions.

Justification of the Study

Democratic leadership is among the most recognized leadership styles in leadership scholarship and research on the relationship of the construct with firm performance in the 21st century has attracted a lot of interest. Most of the studies on democratic leadership considered one aspect of the construct but not all the three components. While a study by Safari *et al*. (2018) focused on culture and structure which are indicators of democratic workplaces, one by Johansson and Ärlestig (2022) paid attention to trust and equity which are indicators of democratic stewardship. A majority of previous studies on democratic leadership have not anchored their research on democratic theories and they are conceptualized on the thinking of large organizations (Chepkorir & Yambo, 2019; Wachira *et al*., 2018), therefore necessitating the need for further research on democratic leadership in the context of smaller organizations such as SMEs.

The outcome of democratic leadership deployment is engaged employees, reduced employee turnover, high levels of job satisfaction, innovative culture, and organizational citizenship behaviors which lead to a long-term firm competitive

advantage that guarantees the survival of organizations. Dynamic capabilities have been shown to enhance an organization's competitive advantage but how they integrate with democratic leadership to bring about SME survival in the healthcare sector has not been adequately supported empirically (Mureithi *et al*., 2021). Leadership styles have been seen to vary in practice at each stage of firm lifecycle. The way the different attributes of democratic leadership are combined at each stage of lifecycle of healthcare SMEs has not been studied (Rahmanseresht & Yavari, 2017). These observations justified the objective of this study which was to investigate the influence of democratic leadership on the survival of healthcare-based SMEs under mediation of dynamic capabilities and moderation of lifecycle stages.

The Significance of the Study

The study outcomes would be of significance to several beneficiaries. First, the SME founders and leaders could have a better understanding of the stages of growth that their enterprises go through in terms of structure and context and the leadership styles that they need to institute in each of the stages to sustain the growth and promote the survival of the SMEs in the healthcare sector. Dinda et *al*. (2016) associate gaps in leadership as possible factors for poor service delivery by healthcare providers thus, leading to dismal performance. The outcomes of this study can be embraced by the owners and leaders of healthcare-based SMEs to improve their democratic leadership skills and involve their employees in making critical decisions that can change the trajectory of the performance of their facilities. The understanding can be used to develop HRM policies to enhance operational efficiencies.

The second set of beneficiaries is government-affiliated bodies including KMPDC and Pharmacy and Poisons Board that regulate the functioning of healthcare-

based SMEs. The government of Kenya and other development partners have established and supported the implementation of policies geared towards provision of an enabling business environment for SME but unfortunately, their mortality rate is still at around 50 percent (IFC, 2019; KBA, 2021; Mwaniki & Ondiek, 2018; ROK, 2020). The study findings can therefore help the government and the development partners to enrich their SME policies. They can entrench training on democratic leadership tenets to SME owners and managers as a prerequisite for acquiring practice licenses, getting government grants, securing government tenders, and benefiting from other public-private partnerships. This can encourage better management of SMEs and more chances of their survival with a ripple effect of improved health service delivery, a better economic climate, and a higher national GDP.

The third beneficiary would be financial institutions that lend money such as banks and microfinance institutions. Many medical practitioners in Kenya do not perceive themselves to be entrepreneurs and do no keep proper records therefore are unable to access finances easily (Strathmore University Business School, 2024). The findings of this study could be applied to improve the entrepreneurial skills of the healthcare professionals therefore becoming more legible for accessing credit. The institutions can develop training programs that inculcate democratic leadership practices in order to improve better financial management.

The fourth category of beneficiaries are academicians, researchers, and institutions of higher learning who may benefit from the new body of knowledge and the identified research gaps that can be answered through future research. Democratic and leadership theories are defined in different ways based on the context and therefore present a challenge on how to operationalize and apply democratic leadership (Amini *et al*., 2019; Gagnon, 2018; Northouse, 2019). The findings of the

study can stimulate a new mindset in research that integrates the rigor of theoretical and empirical comprehension of democratic leadership.

Scope of the Study

The focus of the study was on democratic leadership and how it is catalyzed by dynamic capabilities to promote the survival of healthcare-based SMEs in Nairobi County, Kenya. Democratic leadership is chosen because of a lack of sufficient empirical research to link the concept with democratic and leadership theories as well as with firm survival (Amini *et al*., 2019; Asiimwe, 2021; Wachira *et al*., 2018). Firm survival is less studied with SMEs and is more ideal in the measurement of performance because it is viewed to be the outcome of growth derived from competitive advantage and firm success. The study applied the four BSC measurement items namely; financial strength, customer focus, internal business proficiencies, and innovation and learning (Kaplan & Norton, 2007). Dudic *et al*. (2020) observe that BSC is an ideal survival measurement model because it is flexible and comprehensive and enables firms to assess their weaknesses and strengths and institute measures to improve their performance. The study did not focus on other leadership styles nor on all attributes of survival because the scope would be too wide to allow effective execution of the project and realization of the required rigor of scientific research.

The choice of the context of licensed healthcare-affiliated SMEs in Nairobi County, Kenya was based on the fact that Nairobi's startup ecosystem is more stable and therefore presents a higher possibility of having SMEs in different growth phases (Cruz & Hernandez, 2022). Additionally, there is a higher concentration of healthcare-based SMEs and the population is diverse compared to surrounding counties of Machakos, Kiambu, and Muranga and therefore the likelihood of having a

more scientific research (Dinda *et al*., 2016; Mwaniki & Ondiek, 2018). The study respondents were founder managers or departmental leaders chosen purposively because they were considered to have a better understanding of the practiced leadership styles in healthcare-based SMEs. Chepkorir and Yambo (2019) recommend purposive sampling in contexts where the researcher intends to collect data from individuals perceived to have a better understanding and experience of the subject under investigation. The adopted research design was explanatory sequential mixed-method. Creswell and Clark (2018) opine that the explanatory sequential mixed method allows for a multidimensional approach to data collection and analysis and the findings of quantitative data findings can be explained with qualitative data. A multistage random sampling was used to identify representative samples.

Limitations and Delimitations of the Study

Though the researcher was optimistic that the processes would be smooth, one limitation likely to be encountered was access to sites and the quality of information that was collected for fear of divulging confidential information. This was addressed through the ethical policy that the researcher committed to comply with which related to the confidentiality of collected data and respect for all respondents. Where access was constrained by distance, budgets were allocated to facilitate the movement of the research assistants. Subjective bias resulting from self-reporting was addressed through pretesting the research instruments. Additionally, the study was limited to healthcare-affiliated SMEs. Many other players in the SME sector such as manufacturing and agri-business enterprises and healthcare providers such as the large private hospitals as well as the public healthcare facilities can be considered for future research.

Chapter Summary

This first chapter covers the introduction and brings out the topic, the background of the study, and the nature of the problem. The background gives an overview of the study and justifies why it is necessary. It introduces the three dimensions of democratic leadership, the intervening and moderating variables, and firm survival. The SME sector is then discussed from a global, regional, local, and sector perspective. The statement of the problem is introduced along with the research objectives and the research questions. Lastly, the study assumptions, justification, significance, limitations and delimitations are also discussed.

CHAPTER TWO: LITERATURE REVIEW

Introduction

This chapter entails a review of conceptual, empirical, and theoretical literature on democratic leadership and the survival of organizations based on the perspectives of other authors. The reviewed literature is conceptualized to highlight the various definitions and dimensions of democratic leadership and its operational indicators. Additionally, the conceptualized literature is presented in a way to show the possible intervening variables and their respective operational indicators when the construct is viewed from a firm survival context. The chapter is organized into several sections that include a brief introduction followed by literature on democratic leadership and its dimensions. Dynamic capabilities, firm lifecycle stages, and firm survival are discussed in that order. A summary of the reviewed empirical studies is made followed by the theories that anchor the study. The section that follows covers the summary of the literature review and the research gaps that were identified. It is followed by a conceptual framework in form of a diagram showing the relationships of the various constructs and how their respective operational indicators explain the relationships. This is followed by a list of the study hypotheses. The last section presents a summary of the chapter.

Empirical Literature Review

A literature review refers to a summary of information obtained from secondary data sources such as published scholarly articles, private and public documents, books, and other reports relevant to a certain research area or problem being addressed (Sekeran & Bougie, 2016). According to Arshed and Danson (2015), the literature review is undertaken to gain more insights into the topic of investigation to

support a coherent argument or justify a study. Such reviews provide background information relevant to a topic of interest about what other authors have stated, the underpinning theories, the tested hypotheses, and the methodologies found useful (Creswell & Creswell, 2018). This study was of the view that a detailed conceptual and empirical review of democratic leadership and firm survival from previous authors could highlight key research gaps which if answered could enrich the body of knowledge and the state of the literature on democratic leadership in a firm survival context.

Democratic Leadership

The concept of democratic leadership derives its definition from the various theories of democracy and leadership (Arenilla, 2010; Dean *et al*., 2019; Gastil, 1994). Moreover, its conceptualization in contemporary systems is faced with challenges because of a lack of universality and congruence in the understanding of the theories of democracy and definitions of different leadership approaches (Fakhri *et al*., 2021; Gastil, 1994; Ray & Ray, 2012). The differences in the way the two components of democratic leadership (democracy and leadership) are conceived by various authors and the foundational theories that anchor the concepts (Arenilla, 2010; Northouse, 2019) present an opportunity for researchers to think critically about how to operationalize democratic leadership on deployment in contemporary organizations.

Ruscio (2004) opines that the effectiveness of organizational democracy is reflected in the extent to which participatory processes are embraced, excellent citizenship behavior is exhibited, and acceptable principles of political institutions are observed. According to Amini *et al*. (2019), Kurt Lewin and his associates are credited with the classic conceptualization of democratic leadership. Lewin's team

highlighted the critical attributes of democratic leadership as the collective making of decisions, effective member participation, praising and criticizing truthfully, and having a degree of friendship or camaraderie. Gastil (1994) attempted to shape and enhance the definition of democratic leadership from the "Lewinian Model" by integrating and supplementing the opinions from previous authors based on democratic and leadership theories and conceptualizing the definition along the key leadership functions namely; responsibility distribution among the group members, member empowerment, and supporting member deliberation process. The democratic leadership practices highlighted in Lewin's Classic Model and the contrasting critique by other theorists bring to light the embryonic state of democratic leadership and the need to ground it with empirical studies and therefore bolstering the purpose for undertaking this study.

According to Dolly and Nonyelum (2018), democratic style of leadership is a participatory process in which both the members of the group or the team as well as the leaders in the organization are actively involved in the formulation of decisions. Wilson (2020) views democratic leadership as participative leadership because it involves an engagement process at equal levels between followers and leaders with the emphasis being laid on effective communication and collaborative engagement. Hassnain (2023) defines democratic leadership as a leadership style characterized by freedom in expression of ideas, open discussions, and collectiveness.

Ghrairi (2024) opines that democratic leadership establishes control systems for management and reinforces accountability, fairness, and transparency. According to Vann *et al*. (2014), in democratic leadership, hierarchical positions are de-emphasized and focus is laid on employees' opinions and contributions to the organization's decisions. Tannenbanum and Schmidt (2012) view the construct as a

decentralized and shared process of decision-making in which all the employees of the organization are involved. According to Yukl (2010), a democratic leader actively exerts effort that encourages and facilitates participation by the followers in the process of decision-making.

The style encourages a considerable degree of consultation and effective communication among the various stakeholders in the organization (Dolly & Nonyelum, 2018). Not only is the communication effective, but it is also multidirectional between the leader and the followers and vice versa. Raelin (2012) propounds that communication is one of the key leadership processes and therefore should be shared by all members of a democratic organization. A democratic communication process is more of a conversation where multiple parties reflect on the organizational activities in a manner representative of a dialogue. Through dialogue, group members can extensively share meaning and have a common understanding of matters that affect their operations (McArdle & Reason, 2008), which in turn promotes collaborative behaviors.

A conceptual paper by Raelin (2012) in the USA focusing on the role of deliberation and dialogue in the enactment of democratic leadership fronted four principles, referred to as “the 4’Cs”, to explain the democratization of the practice of leadership. The principles include; collectiveness, concurrency, collaboration, and compassion. Collectiveness relates to the degree to which individual group members effectively enact leadership roles, concurrency relates to the degree to which the members simultaneously undertake leadership roles, while collaboration relates to dialogue, deliberation, and co-creation by closely working together. Compassion pays attention to respect and dignity bestowed on each group member irrespective of the differences of diversity. When a leader involves other employees in decision-making,

such decisions find better approval and ease of implementation (Asiimwe, 2021). Table 3 gives a summary of the ways different authors have conceptualized democratic leadership and the key terms that this study considers important for the comprehension of the construct.

Table 3:Summary of Democratic Leadership Definitions from Different Authors

Authors	Democratic leadership Definition	Key Terms
Amini *et al*. (2019)	Collective decision-making, effective member participation, praising and criticizing truthfully, a degree of friendship or camaraderie (Definition by Kurt Lewin and Associates)	Decision-making, participation, honest criticism, and friendship
Gastil (1994)	Responsibility distribution among the group members, member empowerment, and supporting the member deliberation process	Distribution of responsibilities, empowerment, deliberation
Raelin (2012)	The " 4'Cs" of democratization of the practice of leadership namely collectiveness, concurrency, collaboration, and compassion.	Collectiveness, concurrency, collaboration, and compassion
Dolly and Nonyelum (2018)	Participation process, collective involvement in the formulation of decisions	Participation, decision formulation involvement
Wilson (2020)	Participative leadership, collaborative engagement, effective communication	Participation, collaboration, effective communication
Hassnain (2023)	Leadership style characterized by freedom in expression of ideas, open discussions, and collectiveness.	Freedom of expression, open discussion, collectiveness
Ghrairi (2024)	Control systems for management and reinforces accountability, fairness, and transparency.	Management control systems, accountability, fairness, transparence

Source: Author (2025)

This study was of the view that democratic leadership cannot be defined without weaving together the principles of equality and liberty that anchor democratic theories (Arenilla, 2010; Dean *et al*., 2019) and the influence process that broadly defines leadership (Abid *et al*., 2024; Majukwa *et al*., 2020). Beerbohm (2015) argues that understanding democratic leadership requires striking a balance between the tenets of representation that derive from democracy and practices of leadership.

Fakhri *et al*. (2021) observe that the dimension of leadership in democratic leadership does not obtain its influence from the authority conferred by a position or hierarchy, but through the leadership functions of responsibility distribution within the group members, member empowerment, and giving support to the process of making decisions. Observations by Majukwa *et al*. (2020) that the principles of democracy embraced by political leaders determine their style of leadership and influence their followership by marshaling certain values of democratic politics reinforce the thought that democracy and leadership are the building blocks of democratic leadership.

While appreciating the diversity in the understanding and defining democratic leadership and the challenges that have been faced by previous authors to situate the construct within the confines of leadership and democratic theories, the objectives of this study could not be adequately fulfilled without establishing the definition of democratic leadership in a firm survival context. Despite the differences in opinions by a majority of past authors, common subthemes are evident in their arguments that help in the conceptualization of democratic leadership into three dimensions namely; democratic leader behaviors, democratic workplaces, and democratic stewardship.

The first dimension that this study labeled as “democratic leader behaviors” is defined by leader actions that include direction setting, mission development, strategy implementation, coaching, building commitment, relationship development, adaptability, patience, friendship, caring, consideration for others, motivating, compromising, inspiring, self-determination, delegation, honest criticism, people alignment, and excellent communication (Gastil, 1994; Hassnain, 2023; Kihara *et al*., 2016; Northouse, 2019; Raelin, 2012; Uchenwamgbe, 2013). The second dimension, namely, “democratic workplaces” constitutes participation in decision-making, decentralization of power and authority, responsibility redistribution, inclusivity,

ordered and group activities, teamwork, group member empowerment, selection based on merit, training, skill development, and mediation (Akoma *et al*., 2014; Asiimwe, 2021; Dolly & Nonyelum, 2018; Gastil, 1994; Wilson, 2020). The third dimension labeled as "democratic stewardship" inculcates tenets of egalitarianism, trust, social equality, liberty, justice, rule of law, individual rights, individual responsibility, accountability, and balancing between control of power and autonomy (Arenilla, 2010; Dean *et al*., 2019; Ghrairi, 2024; Safari *et al*., 2018). The section that follows describes the three dimensions in a firm survival context.

Democratic Leader Behavior and Firm Survival

A leadership style is defined as the supportive or directive pattern of behaviors that helps an individual to influence others to achieve the organization's envisaged goals (Northouse, 2019). Supportive behaviors embrace a multi-directional communication approach and pay attention to social and emotional mechanisms in creating influence. Directive behaviors embrace a unidirectional communication approach and cause influence by providing the direction to be followed, developing strategies to attain the set goals, and defining how such goals will be implemented and measured.

Different leadership styles combine both directive and supportive behaviors to different extents to realize the set goals (Salehzadeh *et al*., 2015; Thompson & Glasø, 2015). According to Yarow *et al*. (2019), the style of leadership that one employs is a major determinant of the performance of an organization. Larsson *et al*. (2023) opine that, performance can be maximized when organizations optimize workforce diversity arising from leader behaviours. A myriad of leadership styles exists, among them; democratic leadership in which the leader influences members by engaging them in identifying and defining the critical organizational objectives and jointly developing

ways to achieve them (Asiimwe, 2021; Bojadziev *et al*., 2019; Safari *et al*., 2018). Extant literature posits that democratic leader behaviors enable leaders to execute their functions, motivate their followers, and use superior managerial skills to bring success to their organizations (Nedelko & Potocan, 2021). Moreover, leadership competency has been shown to guarantee the extent to which democratic styles of leadership are effective (Abid *et al*., 2024).

Democratic leadership is a collaborative process that pays attention to the relationships between group members and therefore understanding the role played by the various participants is crucial in its enactment (Bojadziev *et al*., 2019; Hilton *et al*., 2021). Amini *et al*. (2019) note that the role of a democratic leader is pivotal and acts as the team's reference point of control in the consultation and decision-making process. Some principles that guide the actions and behaviors of democratic leaders include self-determination, collaborative participation, inclusiveness, and deliberation (Gastil, 1994). A study by Vopalecký and Durda (2017) identified other democratic leadership principles that include setting a vision and communicating it convincingly, co-ownership of decisions, decentralization, open dialogues, listening, fairness, transparency, involvement, responsibility, integrity, training, and empowerment. Choi (2007) and Fenton (2012) perceived democratic leader behaviors as one's ability to be stimulating, inspiring, competent, influential, a negotiator, a problem solver, a planner, empowering, a facilitator of decision-making, an effective communicator, a good listener, respectful, and willingness to share responsibility.

Based on these principles, the key decision-making function of democratic leadership is effectively distributed among the group members and the leader (Igbaekemen & Odivwri, 2015; Wilson, 2020). In a democratic leadership style, the leader floats an idea to the followers who in turn objectively add their critique

(Asiimwe, 2021). The resultant collective decision is expected to be better in quality and richer in content and because it has the contribution of each member, it is embraced willingly (Wachira *et al*., 2018). As a result, the followers have clarity of the leader's expectations and the nature of support that the leader should accord them. Decisions that are arrived at with consultation motivate the employees more, reduce resistance to assigned tasks, and enhance innovativeness and therefore lead to better employee productivity and firm performance.

The manner in which communication between leaders and their followers occurs in democratic systems is very critical (Wilson, 2020). Hackman and Johnson (2013) view effective communication as a circular dynamic process that enhances follower-leader relationships. Hanaway (2019) describes it as a foundational base on which successful democratic leadership is laid and if done in the right way, it makes employees feel important and valued assets to the organization. A communicative process integrates skills possessed by people, their feelings, thoughts, and actions (Hackman & Johnson, 2013). To promote effective democratic leadership, communication should be two-way, consistent, concise, and clear.

The reviewed literature did not succinctly pinpoint the specific leader behaviours that would promote firm survival in line with the objectives of the study. In an attempt to get answers to the research question, the researcher operationalized democratic leader behaviors by considering four indicators that represent a conglomeration of the various views relating to behaviours advanced by past authors. They included; direction setting, adaptability, democratic communication, and concern and care for others.

Direction Setting. Direction setting is defined as the process of providing a clear vision that guides the journey to be followed by members of the organization to

realize organizational goals (Vopalecký & Durda, 2017). Munyao (2021) propounds that direction setting involves painting a picture of a future that is desirable. A clear vision motivates and boosts the morale of employees and enhances individual as well as firm productivity. It is the role of the leader to articulate that future clearly and convincingly to get the follower's buy-in which infers that the leader behaviours which define the embraced leadership style are central to direction setting. Musaigwa (2023) opines that leadership is critical for change management because it ensures change is implemented through offering guidance and support, and directing the entire organization towards the envisioned future.

Democratic leaders perform their functions by controlling and guiding the decision-making process but at the same time allowing input from members to participate (Wachira *et al.*, 2018). The manner in which the leader articulates the vision in democratic organizations is critical because it determines whether employees would buy into it and fully participate in its implementation or not. Healthcare-based SMEs exist to meet certain envisaged goals and objectives. The realization of these goals requires the SME leaders to articulate the goals and objectives and provide the necessary resources so that the SMEs can thrive and survive. A critical analysis of findings of past empirical studies helped the researcher to develop themes that explain best approaches that democratic leaders can promote setting and realization of SME goals for improved survival.

A qualitative study done in Sweden by Larisch *et al*. (2016) on innovation systems in the healthcare sector focused on understanding the appropriate goals for innovation systems and the best way to achieve them. The findings were that the county councils that were mandated to manage healthcare providers in Sweden failed to commission healthcare providers to embrace innovative practices and therefore the

providers that included small hospitals lacked legitimacy in engaging in innovative activities. The councils did not offer direction to pursue an innovation-based business model. They did not allocate resources such as competence, time, infrastructure, and requisite talent necessary for developing an innovative organizational culture. The findings offered an opportunity in the current study to pursue direction setting as a democratic leadership behavior in different contexts, and using mixed methods.

A study by Oleribe *et al*. (2019) carried out in Mozambique paid attention to the challenges faced by African healthcare systems and the possible solutions for improved policy development, prioritization of programs, and making of decisions. The study adopted a quantitative design and participants were leaders drawn from different parts of Africa. The common challenges identified were weak leadership, inadequate health budgets, and human resource inadequacy. The proposed solutions to circumvent these challenges were strong political support and will from top leadership, higher health budgets, and capacity-building programs for health professionals. The findings helped the researcher in the study design to test leader behaviors that influence the process of setting of clear directions with a view of improving survival rates of healthcare SME in Nairobi.

In a related qualitative study in South Africa, Musaigwa (2023) investigating change management and leadership in organizations collected primary data from 10 departmental managers. The following leadership roles were found necessary for change management: employee motivation, vision creation, communication about change, developing plans for change, establishing conducive work climate for change, building follower's buy-in, and leading followers by example. The findings were put in the context of democratic leadership and survival of healthcare-based SMEs in

Nairobi to confirm if direction setting is an important behavior that SME leaders need to exhibit for their firms to overcome growth challenges and survive.

Another empirical study carried out by Muinga *et al*. (2020) sought to explore the absorption of digital health system and support it offers to Kenyan digital health community in public hospitals through sharing of knowledge. Quantitative data was drawn from end users and hospital administrators present in the hospital on the day of data collection. The findings were that a majority of the health facilities had acquired a digital health management system but its use was mostly limited to administrative duties with little integration with other departments such as radiology and laboratory departments. This was attributed to insufficient training, poor infrastructure and lack of system support, non-usability of the system, and service prioritization challenges. From the findings, clarity of direction, precise strategy of implementation, and sufficient leadership support were shown to be critical for effective realization of set goals. By incorporating leadership and survival into the formulation of the current study enabled the researcher to extend the investigation into other contexts.

The findings from the empirical studies agree that providing proper direction, having a clear vision, and offering support are key for the actualization of the desired goals (Larisch *et al*., 2016; Muinga *et al*., 2020; Musaigwa, 2023; Oleribe *et al*., 2019). The studies however fail to explain the best approach that leadership can be exercised for optimum outcomes. Further, the studies did not bring out any particular leadership style or leader behavior that could be considered to enhance firm survival and therefore pointing to a need for an investigation relating leadership style and firm survival. Democratic leadership was adopted in this study because its participative nature in decision-making boosts employees' morale and promotes the members buy-in in the decisions made and therefore may influence survival of healthcare-based

SMEs in Nairobi. The adoption of a mixed method research approach enhanced the scientific rigor.

Adaptability. Adaptability is a leadership concept that relates to an individual's capacity to effectively respond to changes that occur in their environments (Collie & Martin, 2016). Adaptability is modeled around behavioral, cognitive, and emotional actions and involves changing the way one thinks and acts. The SME climate is competitive and firm survival is enhanced when adaptive behaviors are embraced (Akonkwa *et al.*, 2021). Moreover, the healthcare SME ecosystem is very volatile and therefore leaders must be flexible enough to adjust their leadership styles in line with the environmental dynamics (Secundo *et al*., 2019). The Situational Leadership Theory which grounds leader behaviors, posits that effective leadership is guaranteed when the leader has the capabilities to adapt their leadership style to the prevailing environmental and contextual demands (Salehzadeh *et al*., 2015). The adaptive capabilities enable a leader to change and embrace new leadership practices whose application results in better performance outcomes for both employees as well as the organization and thus, higher chances of firm survival.

A qualitative study by Zhao *et al*. (2023) carried out in the UK focusing on barriers to eHealth SME development identified cross-cultural challenge as the most critical barrier to their survival. The findings showed that better survival of eHealth SMEs across cultures was influenced by the extent to which leaders adopted sound diversity management strategies. Healthcare-based SMEs employ a diverse workforce with different expertise and from different cultural backgrounds which means optimizing their operations requires leadership that harnesses advantages of diversity. Although the study by Zhao *et al* did not directly illuminate the role of leadership in generating adaptive behaviours, the current research proposed democratic leadership

as an approach that can catalyze the development of such behaviors for the survival of healthcare-based SMEs in Nairobi.

A quantitative study by Chingwena and Scheepers (2022) on adaptability of SMEs in Zimbabwe investigated the perception of senior managers on adaptation and leadership practices and their effect on social changes in the Corona era. Data was collected from 126 managers drawn from 24 SMEs. The findings were that by combining attributes of complexity leadership style to different degrees can result in suitable adaptability. The findings helped the current research to set conditions necessary for adaptive leader behaviors. The study proposed that leaders in Healthcare-based SMEs with a focus to better survival are required to drive the adaptive processes through change of SME practices and actions. The flexible nature of democratic leadership was considered to be critical in ingraining the concept of adaptability in the SMEs under investigation.

Another qualitative study done in Nairobi, Kenya by Ahmed *et al*. (2021) explored resilience of SMEs in the non-essential service category during the Covid-19 Pandemic. The study identified diversification of business portfolio, internal collaboration, slack finance, self-reinvention, technology adoption, management of cost, and positive attitude as key determinants of firm resilience. The conclusion drawn from the study was that the degree to which the SMEs were resilient was directly related to the extent to which the SMEs combined the resilience determining factors. The SMEs that exhibited better performance outcomes deployed certain resilience-determining factors that were not displayed by others. The study adopted the principles of the theory of dynamic resource orchestration that explains the differences in responses by firms in homogenous ecosystems under uncertain contexts. The current study borrowed from these principles to establish any possible

links between democratic leadership and firm survival with reference to healthcare-based SMEs in Nairobi.

Democratic Communication. Democratic communication is a process that allows messages to be passed from sender to recipient in a multidirectional manner. It is different from the classical definition which considers communication as a linear process, where the role of the recipient of the message is just to accept and implement it (Hackman & Johnson, 2013). Democratic leadership depends on circular communications which is the backbone of its effectiveness (Wilson, 2020). A leader's communication should share meaning such as the vision or clarification about a strategy and should be done in a way that is not derogatory but instead, in a way that gives credit, praises, motivates, and appreciates the constituents (Hassnain, 2023; Martin, 2018; Musheke & Phiri, 2021). The approach motivates and improves morale of employees which in turn promotes job satisfaction, employee engagement, and commitment to firm activities and therefore better performance.

Democratic leadership allows discussions that offer a superior understanding, more connections, and novel ideas (Wachira *et al*., 2018). Vopalecký and Durda (2017) note that democratic dialogues and deliberations enable followers to openly air their views. Democratic leaders take time to patiently listen to their followers and accommodate contrasting views (Fenton, 2012; Liana *et al*., 2024). The application of the tenets of democratic communication such as good listening, dialogues and deliberation in healthcare-based SMEs can promote employees' willingness to participate in SME activities and enhance their engagement to the enterprise. This leads to the establishment of innovative cultures that promote firm performance and in turn better survival.

Ajmera and Jain (2020) undertook a quantitative study that investigated the factors that influence the successful implementation of lean approaches among Indian firms in the healthcare sector. The research tool was a structured questionnaire distributed to 325 medical professionals. Effective communication of goals and outcomes and a clear vision were among the key factors that showed strong driving force on the influence process. Articulate communication of a firm's envisaged goals was found to inspire employees to work with more commitment towards realization of lean principles within the healthcare organizations. The current study identified gaps that it exploited to design its conceptualization. Athough Ajmera and Jain (2020) did not directly consider democratic leadership practices, some attributes that were found to be useful in promoting lean approaches included top-bottom communication, bottom-top communication, and horizontal communication which were found to resonate with certain tenets of democratic communication. The attributes agreed with those identified in a study by Zeler *et al*., (2022) on mixed communication in female leaders that showed women's preference for democratic leadership. They included clear and direct communication that espoused empathy and consideration.

Findings of another study investigating the nexus between communication skills and democratic attitudes by Soylu and Okvuran (2024) in Turkey showed a positive correlation. Communication skills applied were listening actively, willingness to communicate, non-verbal communication, and self-expression. The findings pointed to a relationship between democratic leadership and communication that the current study considered in its conceptualization. The identified conceptual, methodological, and contextual gaps necessitated the current research.

Another study by Okwuagwu *et al*. (2017) conducted in Nigeria investigated how effective communication impacts performance of selected banks. The study

findings were that effective communication enhances bank performance by building mutual interaction between management and subordinates and creating authentic relationships among all members of the organization. It offers an opportunity for members to give and receive feedback and give suggestions on ways of improving the task. Language used should be easy to understand, concise, and multi-directional and flowing in all levels of the organization. The study notes that leaders are central in the communication process and thus should exhibit certain behaviors such as good listening and providing an environment where subordinates can suggest, clarify or criticize decisions. Although the study was undertaken in the finance sector with little reference to democratic leadership, the current study intended to confirm if application of some of the approaches could explain how democratic communication could improve healthcare-based SME survival rates. Another quantitative study by Musheke and Phiri (2021) in communication and organizational performance showed a positive correlation between the constructs. Communication effectiveness was measured in terms of barriers to communication attributed to styles management, workplace conflicts, lack of trust and transparency, and poor listening culture.

Mutunga (2022) undertook a descriptive survey to determine how service delivery is influenced by communication in mission hospitals located in Meru County, Kenya. The findings were that communication had a positive statistical significance with quality of service delivery. The dimensions of communication that the study found relevant were freedom in sharing of feedback, clear chain of command, channels of communication, communication flows and consequences of failure to communicate. The study identified the benefits of effective communication as creation of close relationships between leaders, employees as well as with patients. Effective communication was shown to enhance job satisfaction among the

employees who in turn served the patients with commitment. Happy patients were able to share their experience with others and this improved the image of the hospitals. The observations helped the researcher to formulate ways in which democratic communication could work to improve survival of healthcare-based SMEs in Nairobi considering the scientific rigor derived from the pragmatic nature of the adopted research paradigm.

Consideration and Care for Others. These are attitudes and behaviors that effective leaders exhibit to cause influence (Surji, 2015). Chepkorir and Yambo (2019) opine that democratic leadership works through creation of relationships, showing care and consideration for the employees, and creating a bond that connects the leader to the followers. The style makes group members feel very important because their contributions matter and therefore their morale to willingly participate in organizational activities is enhanced (Hassnain, 2023). Leadership in the twenty-first century is a relationship and any meaningful leadership discourse cannot be discussed without taking into account the dynamics involved in the relationship-building process. Kouzes and Posner (2011) opine that members will willingly listen to the leader's advice only when they perceive the leader to have their interests at heart.

Wachira *et al.* (2018) assert that the key focus of democratic leadership is to invest in subordinates for superior performance and this is achieved when leaders are patient, caring, accommodating, friendly, and have respect for the followers (Akoma *et al*., 2014). This study considered the leader's attributes of consideration and care for followers as important for effective implementation of democratic leadership in enhancing the survival of healthcare-based SMEs. The nexus between the constructs can be understood better from conclusions drawn from past empirical studies.

Habib *et al*. (2020) undertook a study in Pakistan focusing on interpersonal leadership, work engagement, and performance of nurses in delivery of health services. The design of the study was quantitative and respondents were permanently employed nurses. The study findings were that interpersonal leadership enhanced the level of follower engagement and task performance. Interpersonal leadership is a leadership practice that combines the principles of transformational leadership with those of interactional justice.

Transformational leaders influence followers through selflessness and focus on the needs of their followers as opposed to theirs (Northouse, 2019). Interactional justice is characterized by principles of equity and justice that bring about positive attitudes and free interaction. These attributes are considered to motivate followers to be more engaged and contribute more to the activities of the organization. Although the study did not investigate democratic leadership, the conclusions drawn brought out certain attributes of democratic leader behaviors that were adopted in the current research on healthcare-based SME to explain how concern and care for others influence firm performance and survival.

Another study by Chukwusa (2019) explored how democratic leader behaviors exhibited by Nigerian university librarians is perceived by library staff. The research design was quantitative involving 274 respondents and the analysis embraced descriptive statistics. The democratic leader behaviors that the findings brought out were leading with love and kindness. Servant leadership and social justice were also shown to contribute to the exhibited leader behaviors. Additionally, the leaders were described as selfless and displayed benevolent concern for the benefit of the other. Leaders who care for their followers foster an atmosphere of trust which inspires employees and builds their confidence as they undertake their duties resulting in more

productivity. The findings of the study were extrapolated to the current research, while considering the emergent gaps, to demonstrate that adoption of democratic leadership in the context of healthcare-based SMEs in Nairobi can boost their survival.

A quantitative study was undertaken by Carolyn *et al*. (2021) in Kenya's Moi Teaching and Referral Hospital to investigate the factors that influence occupational turnover of nurses. The antecedent factors that were identified included poor working conditions, lack of sufficient support of employees by the management, bad policies on training and development, and challenges related to benefits, compensation, and pay. The general conclusion was that the exodus of healthcare professional from their work places was related to the state of their working conditions. Among the aspects that contributed to good working conditions were safety, workplace design, lighting, free space, social amenities, and nature of interaction with coworkers. The study findings highlighted how leader supportive behaviors can improve staff retention. Whereas a myriad of leadership approaches can influence staff retention, the researcher considered the research gaps in the study and linked the observed attributes to democratic leadership practices and went further to prove whether a democratic leadership approach can entrench such behaviours in healthcare-based SMEs to better their performance.

Democratic Workplaces and Firm Survival

The work processes in today's organizations have been impacted by a complex operating environment (Morrow *et al*., 2012) thus, demanding a paradigm shift in leadership practices from the hierarchical top-down models characterized by command and control to more flexible and adaptive approaches that embrace strategic and collective decision-making (Jdetawy, 2018; Jones *et al.*, 2016). Harrison and

Freeman (2004) propound that certain processes and organization structural designs promote the power exercised by employees to make decisions and actively participate in the activities of the organization. This is a key factor in developing democratic organizations that focus on building conducive environments where employees freely participate and try innovative ideas (Danvila-del-Valle *et al*., 2018; Safari *et al*., 2018). The objective of building democratic workplaces is to enhance cooperation and teamwork and develop followers who are highly motivated and ready to go beyond the prescribed tasks to provide creative solutions necessary for firm survival (Wachira *et al*., 2018). Democratic workplaces allow followers to have a say in making of decisions and determining the directions the organization takes (Odiwo *et al*., 2022).

This study conceptualized the processes and strategies that create conducive work environments as democratic workplaces in line with similar thoughts by Han and Garg (2018). Odiwo *et al*. (2022) applied the term "workplace democracy" to refer to democratic actions that comprise structuring, debates, voting, adversarial processes, and suitable appealing mechanisms in organizations. Workplace democracy is a broad concept that consists of structural configurations that connect decision-making functions within the organization to employee interests as well as influence. An ideal democratic workplace should facilitate sharing of responsibilities for all to participate in making of decisions, empowering followers through training and development to effectively execute assigned duties, and promoting collaborations that support joint decision making and problem solving (Wachira *et al*., 2018). Tenets of democratic workplaces strengthen the leader-follower relationship through building trust which in turn stimulates follower behaviors characteristic of firms with high performance and therefore better survival rates (Asiimwe, 2021).

While appreciating the deployment of democratic leadership in organizations, Safari *et al*. (2018) advocated for the need to redesign organizational structures to create work environments that stimulate employees to willingly involve themselves with the activities of the organization. Such structures match the employees' strengths with the roles through which the goals of the organization are realized in line with Boxall and Purcell (2016)'s "Best Fit" Model that aligns leaders' strategies with the prevailing contexts to achieve optimum outcomes. The key overarching attributes that define democratic workplaces according to Safari *et al*. (2018) are leadership enactment, ownership, and authority. Table 4 highlights key attributes that make democratic workplaces more effective as compared to industrial workplaces.

Table 4:Differences between Democratic and Industrial Workplace

Democratic workplace	Industrial workplace
Decisions are made at all levels and the organizational structure is flat	Decisions are made at management or high levels of authority and the organizational structure is rigid and hierarchical
Leaders are evaluated by different Stakeholders	Leaders are not evaluated by others
All levels are encouraged to participate and give feedback	Employees are expected to comply with the directive
Diversity is encouraged	Norms, behaviors, and activities are prescribed and closely scrutinized
Information is readily available to all and knowledge sharing is encouraged	Information held by management

Source: Safari *et al*. (2018)

Employees will perform optimally when they have been given the latitude to make their own decisions and try creative ideas (Asiimwe, 2021). According to Nightingale (1982 as cited in Safari *et al*., 2018), democratic workplaces embrace flat structural designs that promote the making of decisions at each level of the hierarchy. Feedback is both top-down and vice versa, diversity is tolerated, and the flow of information and knowledge sharing across the hierarchies is prioritized. A study by

Mburu *et al*. (2024) on millennial workforce showed that a workplace that encourages participation and input from members enhances employee engagement.

Attributes such as freedom of expression, receiving and acting on feedback, and inclusion in making of decisions builds trust and encourages collaboration. Engaged and satisfied employees are motivated and more likely to have better performance both at the individual as well as organizational levels. Organizations that perform well have higher chances of survival as compared to those which do not. By considering the arguments and propositions from different authors, the following three themes were proposed by the researcher to operationalize the "democratic workplaces" dimension: organizational structure, distributed leadership and inclusiveness.

Organizational Structure. Organizational Structure is defined by features of formalization, centralization, and decentralization (Daft, 2014). It determines the nature of the hierarchy and internal characteristics of the organization and how key decisions are made. The construct according to Safari *et al*. (2018) is considered to consist of the tasks, procedures, activities, information flow, methods, and decision-making mechanisms in an organization. Centralization refers to an organizational structure where the authority to make decisions is vested with leaders at the top of the hierarchy whereas decision making authority under decentralized structures is delegated to members on lower hierarchical levels (Away *et al*., 2021). Formalization refers to the extent to which rules, standard operating procedures, and systems of control are embraced in an organization (Daft *et al*., 2020).

Democratic leadership advocates for a paradigm shift from vertical structural designs to more flexible and decentralized designs that pay attention to horizontal collaborations, adaptability, and extensive sharing of information (Safari *et al*., 2018).

Such structures break barriers between departments and members of an organization and enhance coordination and performance which in turn improves firm survival rates (Hassan, 2023). The role of democratic leadership in the survival of healthcare-based SMEs is therefore to ensure the embraced organizational structure promotes an environment where all members freely participate in making of decisions. It is suggested that with decentralized structures, critical decisions can be arrived at within short periods of time and procedures that do not work can be altered with consultation (Asiimwe, 2021). The approach boosts employee morale and motivates them and therefore enhances their performance as well as that of the enterprise. Points of congruence and conflict observed from previous investigations on organizational structure were used to shape the direction of the current inquiry.

Shukri and Ramli (2015) investigated private hospitals in Malaysia through a quantitative study whose aim was to use the Balanced Score Card to evaluate the organizational structure and its influence on their performance. The study findings were that most of the hospitals that embraced the balanced scorecard were found to have an organizational structure that is centralized and formalized. The hospitals applied formal rules and written-down operating procedures to ensure compliance with healthcare providers' legislation following the embraced values. A majority of the decisions were made by the top management who used their authority to have things done with guaranteed better performance outcomes. The findings did not resonate with the expectations of the conceptualized structure of democratic workplaces (Safari *et al*., 2018). The gaps that emerged from the sample size and the incongruences from the study findings and the theoretical underpinnings of the current study were applied to explain how organization structure and democratic

leadership can influence the survival of healthcare-based SMEs in Nairobi City County.

Another study by Sangeda *et al*. (2020) aimed at evaluating the stewardship role of championing the implementation of antimicrobial resistance programs in health organizations in Tanzania. The research design was quantitative and the questionnaires were distributed to 199 facilities. Despite there being guidelines for antimicrobial stewardship programs, the findings were that poor implementation was realized due to a lack of constant prescription audits, irregular frequency of meetings by committees that carried out the surveillance programs. This was explained through organization structure challenges that affected data and information flow due to unclear administrative hierarchies. The adopted formalized and centralized structure affected program implementation. With centralized structures, coordination of activities is poor and information takes longer to reach all levels and may get distorted (Daft *et al*., 2020). The arguments and the gaps observed from the study were applied in the current study to expound how organization structure related to democratic leadership and how this would affect survival of healthcare-based SMEs.

A related quantitative study by Gichohi (2017) that adopted a case study approach to investigate factors that affect how knowledge management practices are implemented in Kenyan health-based NGOs. The study identified the culture of the organization and the structure as the key influencers. The components that measured organization structure were management systems, decision-making process, communication channels, and job differentiation. From the investigated case study, the organization structure that was embraced was democratic, decentralized, and with short communication lines between managers and staff members. The structure enhanced teamwork and sharing of decision-making responsibilities and therefore

facilitated the implementation of knowledge management practices. Some of the items that the study used to measure organization structure were applied in the current study to operationalize democratic leadership in a firm survival context.

Distributed Leadership. Distributed leadership is also referred to as shared leadership and is a practice that originates from team members (Martin *et al*., 2018) and not from the formal leader. It is exercised when subordinates engage in processes of leadership to fulfill the functions of a formal leader. Gastil (1994) observes that all leadership functions cannot be performed by one individual. Democratic leadership overcomes this challenge through the use of multiple leaders among the group members. This approach empowers group members and helps them to challenge each other to perform better. The principle that guides distributed leadership is the effectiveness of teamwork and not on member coercion to work (Chepkorir & Yambo, 2019).

The main leadership function that is distributed in democratic leadership is the responsibility to make decisions (Wachira *et al*., 2018) and how this is embraced by the leader and members will determine the quality of the decision and how well it promotes firm performance. Team culture in distributed leadership is critical because it dictates the set of guidelines and mutual interactions that members anchor their beliefs and values on (Safari *et al*., 2018). In a democratic work climate, the sum total of concerted efforts of the members of the team is more than the combined individual effort of each of the members of the team and therefore the democratic leader has the herculean task of promoting team spirit to ensure the survival of organizations. Research by Martin *et al*. (2018) shows that shared leadership is more effective as compared to vertical leadership. The consideration of distributed leadership as a major determinant of the success of democratic leadership in healthcare-based SMEs is in its

ability to harness the benefits that arise from each member of the team to improve the overall performance and survival of the organization.

The findings of a study by Cavicchi (2017) undertaken in Italy focusing on the relationship between intellectual capital and sustainability of healthcare corroborate the arguments. In the study, qualitative data was collected through interviews with actors in different levels of Italy's health service. The study showed that sustainable healthcare can be realized through approaches that strengthen human social capital such as encouraging the cooperation between healthcare professionals and citizens when planning and developing healthcare-oriented programs. The identified components of social capital considered important for the realization of teamwork and reciprocity among members of healthcare teams were: structural component that relates to structure and networks, relational component that encompasses obligations, norms, and trust, and the cognitive component that relates to shared values and tasks. The gaps arising from the context and the variables under which the study was undertaken helped the researcher to incorporate the lessons learned to explain how team spirit democratizes the SME ecosystem to reap maximum benefits from each employee and enable better performance and ultimate survival.

Besigye *et al*. (2019)'s related study in Uganda on the responsibilities and difficulties faced by family physicians in the healthcare sector showed that collaboration and teamwork are critical leadership roles that make them effective. The respondents viewed family physicians as leaders of teams comprising of specialty doctors and other healthcare experts focusing on collaborative patient care. The most important success factor of the teams was good rapport and consultation among the health professionals and the willingness for a doctor to refer a patient to another doctor who was felt to be better placed to serve the patient. The study brought out the

functioning of distributed leadership and how effective teamwork can be embraced by other healthcare facilities to improve service delivery and better performance and survival of the enterprises. The current study attempted to contextualize the findings with focus on democratic workplaces and survival of Nairobi's healthcare-based SMEs.

Muinga *et al.* (2020)'s study on the digitization of Kenyan public hospitals adopted a mixed method approach and collected data from several County Health Records Information Officers with a view of investigating the degree to which public hospitals embraced health systems. The findings showed that sharing data by different departments affected project implementation. The study recommended that effective implementation of digital health systems requires rallying together all the stakeholders including the government officials, health informatics institutions in the region, and international donors and encouraging them to work collaboratively as a team to take advantage of the strengths of each of the stakeholders. In the context of the current study, the findings called for adoption of distributed leadership in promoting the survival of healthcare-based SMEs through team spirit that allows different experts to fully exercise their skills for the common good of the success of the team. Although in both cases mixed method research approach was adopted, the current study embraced explanatory sequential mixed method whereas, Muinga *et al* (2020)'s study embraced a convergent design.

Inclusiveness. Inclusiveness, also called involvement is a democratic leadership concept focusing on participation in decision-making (Hilton *et al*, 2021). Vopalecký and Durda (2017) use the term "involvement" to imply participation. Democratic leaders involve others in activities of the organization through delegation which according to the American Nurses Association [ANA] (2010) is a management

process where an individual transfers responsibility to perform certain tasks to another but remains accountable for the outcome of the process. Some degree of authority of a leader is ceded or entrusted to subordinates or members of a team to enable them to undertake certain tasks or activities on behalf of the leader (Kennedy & Keino, 2017). Employee involvement leads to positivity, satisfaction, extraordinary levels of energy, commitment to work, and employee enthusiasm for the assigned tasks (Asiimwe, 2021).

The researcher considered involvement of employees in the activities of healthcare-based SMEs as an enabler of creating democratic workspaces where employees can unleash their full potential to perform. It stimulates employee behaviors such as proactivity and organizational citizenship behaviors which are key drivers of a firm's competitive advantage and survival. Delegation of the leader's responsibilities acts as a morale booster for employees and therefore more commitment to the activities of the organization (Asiimwe, 2021). Past empirical studies show that committed employees are more engaged, talk positively about their organization, and exhibit organizational citizenship behaviors which are characteristic of high-performing organizations and those with higher survival rates.

Larisch *et al*. (2016)'s study focusing on the Swedish healthcare sector identified barriers that hinder the uptake of innovation in hospitals other than clear leadership. They included fragmentation, failure to involve health professionals in decision-making, restrictive regulations for industry collaborations, weak reimbursement procedures, and procurement challenges. The respondents asserted that collaboration with other industry players helps in building capacity of healthcare sector. Restrictive policies for stakeholder collaborations limit the possibilities for healthcare professionals from attaining the necessary levels of competence required

for delivery of superior healthcare services. Collaboration and involvement of others in the activities of the organization are key democratic principles that this study employed to explain how democratic leadership influences the survival of healthcare-based SMEs. The scientific rigor in the current study was guaranteed by choice of a more robust research design, different context and different variables.

A related quantitative study by Abor and Kwame (2022) was undertaken in a specialist hospital in Ghana with a view of examining how different leadership styles impacted firm performance. The study outcomes concluded that participative leadership was the most popular style embraced by leaders. The heads of different departments in the hospital exercised delegation and shared responsibilities to all employees. Although the leaders had the final say, consultation on key issues was encouraged and employees were expected to contribute their ideas in the making of decisions. Participation in decision-making is the hallmark of democratic leadership and the current study attempted to determine how its application enhances the survival of healthcare-based SMEs in Nairobi by borrowing important lessons from the study findings.

Yarow *et al*. (2019) undertook another study in Kenya focusing on democratic leadership as a means of improving service delivery in devolved health facilities. The findings were that the way devolved units were managed and democratic leadership applied had influence on the quality of healthcare services rendered. The findings were attributed to the "I share" philosophy of democratic leadership where the members of democratic organization are presented with equal opportunities to participate in the activities and the decisions that are made in the organization. The approach motivates team members and as a consequence, they fully immerse themselves in organizational activities, go beyond the leader expectations to come up

with creative ideas and display talents that would not have been possible under ordinary contexts (Safari *et al*., 2018). Member involvement which the current study considered to be a tenet of democratic workplaces was proposed as a key determinant that allows creation of conducive work climate where employees of healthcare-based SMEs can freely express themselves and engage in creative ideas.

In summary, the current study proposed organizational structure, distributed leadership, and inclusiveness as the most critical indicators that define democratic workplaces. Some of the reviewed empirical studies showed decentralization as the best approach to enhance performance within the organizations whereas, others supported features of centralization and formalization. The dilemma created by the divergent and contrasting opinions became a fertile ground for advancing research on understanding democratic workplaces and best ways in which they can be established in SMEs. Distributed leadership is a form of team leadership where different members of the organization lead the team at different times (Northouse, 2019) and this can interfere with effective coordination and collaboration among team members. Whereas inclusiveness is key to the success of democratic leadership, some leaders may perceive delegation as a loss of power, authority, and status and therefore not in full support of its enactment (Uchenwamgbe, 2013).

The reviewed studies did not show the most suitable combination of workplace tenets that lead to the best survival rates of healthcare-based SMEs. In order to shed more light, the researcher advanced the thoughts of a quantitative study by Lindeberg *et al*. (2022), which explored the nexus of different forms of work environment and firm performance in the midst of changes in technology and business models, to address the dilemma. The study findings were that physical work

environment influenced organizational productivity whereas, social work environment influenced organizational well-being.

The elements that constituted physical work environment were the facilities and spaces within the organization comprising workspaces, meeting rooms, furniture, and all locations where tasks were performed such as in vehicles and homes. On the other hand, the social work environment considered human interactions, management practices, leadership style, work culture and habits, as well as interpersonal relationships. Danielsson and Theorell (2024) categorize work environment into either physical workplace which means the office design or psychosocial workplace which considers employee well-being, emotional expression, psychological distress, and relationships. These observations invited investigations to shed more light on how to operationalize democratic workplaces to enhance the survival of Nairobi healthcare-based SMEs.

Democratic Stewardship and Firm Survival

The concept of "democratic stewardship" in democratic leadership refers to a democratic governance structure based on stewardship theory which strengthens the bond between the employees and the organization's activities (Baptista *et al*., 2017). In this study, the stewardship dimension is related to the force of leadership that derives from the willingness of the followers to accomplish desired goals (Uchenwamgbe, 2013). Leadership, a relationship between leaders willing to lead and followers willing to be led (Kouzes & Posner, 2011), requires responsible individuals who are accountable to their organizations and undertake their duties with integrity.

Hernandez (2008) opines that stewardship is a leadership principle that inculcates individual responsibility and builds trust within the organization. It is founded on the tenets of democratic governance which is a leadership concept aimed

at strengthening governance practices in organizations and operates within the confines of certain rules and regulations (International Institute for Democracy and Electoral Assistance [IDEA], 2021). For its effectiveness, the democratic rules must be continuously developed in adherence to the environmental changes and the emerging societal demands to promote adaptive behaviors that are accommodative to realities of contemporary societies.

The principle of openness in democratic leadership is critical for its success but unfortunately, it comes along with certain complexities that must be navigated before the benefits of openness are harnessed (Adobor, 2020; Hautz, 2017). Ojokuku *et al*. (2012) opine that the potential challenges of democratic leadership revolve around poor decision-making processes and weak execution strategies that arise from the principle of openness. Other challenges emanate from lack of leadership competencies, authenticity in the level of commitment, and adherence to the norms, beliefs, and values that guide its practice (Abid *et al*., 2024). These challenges can be addressed by adopting governance structures that are ingrained in organization's cultures through developing inclusive and participative programs institutionalized in organizational operations (Weber *et al*., 2009). These structures promote an open social and organizational infrastructure.

Theories of governance highlight two key dimensions namely; stock-oriented governance and relationship-oriented governance (Weber *et al*., 2009). Democratic stewardship is grounded on tenets of relationship-oriented governance which focuses on establishing certain policies that strengthen and stabilize the relationships among members and facilitate sharing of knowledge (Ahmed *et al*., 2018). Leadership that is founded on relationships promotes collaboration and offers employees a sense of identity, safety, and security, and facilitates the long-term alignment of the goals of

individuals with those of the organization (McNeil & Giesecke, 2017). Additionally, it is a critical antecedent factor that builds trust and fosters the extent to which openness and transparency are exhibited within the organization. The complexities associated with openness and flexibility call for adaptive behaviors with the followers and out-of-the-box governance strategies that are not restrictive but allow a certain degree of direction that can guide the functioning of the group members. Stewardship according to Caldwell (2011) pays attention to strategies that stimulate followers' intrinsic motivation necessary for moral courage to serve the organization.

Ahmed *et al*. (2018) opine that effective governance systems within organizations can inculcate firm characteristics that enhance their competitive advantage and long-term survival. Democratic leadership practices are enhanced by building relationship-oriented governance systems (Cossin *et al*.,2015). Such systems empower employees and cause them to surmount the resistance associated with change and in turn support new strategies and innovative ideas that enhance firm survival. Argyrou *et al*. (2017) opine that strong relationships act as the source of power to implement participatory governance. The power in a democratic stewardship context refers to the degree to which stakeholders influence the decision-making process based on their rights and the rules that exist. Such powers should espouse principles of equality in the process of making decisions.

Cossin *et al*. (2015) argue that leadership built on stewardship tenets has a clear purpose and intended impact, safeguards the organization's future, and is driven by the common social good. Additionally, it protects and enhances the organization's capabilities to achieve long-lasting economic and social value through mechanisms that promote accountability and responsibility over the organization's resources (Abid *et al*., 2024). Such capabilities enhance the organization's competitive edge and the

likelihood of better survival chances. The arguments fronted by previous authors illuminate the key operational indicators that this study embraced to measure democratic stewardship namely; integrity, individual responsibility, and accountability.

Integrity. Caldwell (2018) considers integrity as a construct that is founded on trust, morality, and ethics. It relates to compliance with certain ethical principles and professed values and norms characterized by honesty, fair practices, consistency, and a level of predictability. Fenton (2012) describes integrity as a framework of the organization and individual behaviors that adhere to certain ethical and moral values. Vopalecký and Durda (2017) relate integrity to trust among the members of the team.

Although democratic leadership is majorly about making key decisions, Johansson and Ärlestig (2022) opine that leadership is more than just making decisions. The making of decisions in contexts governed by democratic leadership requires adherence to certain democratic values such as integrity and ethics which show respect and balance the interests of all stakeholders. Whereas a problem faced by healthcare-based SMEs has alternative ways in which it can be solved, the most acceptable solution in democratic leadership is that which is acceptable to all members of the team. Research gaps from past research can further elaborate the arguments fronted in this section.

Suriyankietkaew and Kungwanpongpun (2022) undertook a quantitative study in Thailand that paid attention to strategic leadership and sustainability of pharmaceutical and other healthcare-based organizations. Among the most important leadership determinant that the study found critical for firm sustainability was ethical behavior. The study identified ethical practice as a critical leadership value that inculcates good governance in healthcare-based organizations. The outcomes of this

quantitative study had important leadership lessons on integrity that the current study borrowed to explain survival of healthcare-based SMEs in Nairobi. The observed stewardship principles of compassion, morality, and empathy for patients were linked to democratic leadership with a view of explaining SME survival.

Another quantitative study by Yazdanshenas and Mirzaei (2023) in a large Iranian factory used data from 302 workers and investigated the relationship of leader integrity and success of employees. Structural equation modelling was used for data analysis. The results showed that leader integrity was positively correlated with the success of employees. Additionally, the effect of integrity on the success of employees was indirectly influenced by the perception the employees have on ethical leadership practices. The findings brought the link between integrity and leadership and helped the conceptualization of integrity as an important attribute of the relationship between democratic leadership and survival of Nairobi's healthcare SMEs.

A quantitative study done in selected Ugandan private hospitals by Ronald *et al*. (2016) that investigated the influence of styles of leadership on the retention of employees found that leadership practices that lack uniformity and fairness affected employee turnover. Among the non-uniform practices included selective provision of services such as training and resources including bonuses to staff by the hospital management. Fairness, equity, and justice are important principles that anchor democratic stewardship (Cossin *et al*., 2015) and can positively influence employees to be more engaged and committed to an organization's activities and therefore can lead to higher individual and firm productivity. Uniformity and fairness in the application of leadership practices was shown to impact employee retention in Ugandan hospitals and was extrapolated and applied in the current study touching on

Nairobi healthcare-based SMEs. Whereas the study embraced measurement items of integrity, it did not relate integrity to democratic leadership. The dependent variable was employee turnover and not firm survival. Although context was hospitals in Uganda, it did equate to healthcare SMEs in Nairobi Kenya. Understanding the extent to which leaders in the SMEs show fairness, equity, and justice to their subordinates was applied to measure the concept of integrity and its impact on performance of the SMEs.

Research by Bonsu *et al*. (2023) investigated the relationship of internal control system, accountability, integrity, and leadership in public sector of Sub-Saharan African nations. The research adopted a quantitative design and data was collected from directors and leaders in government ministries. The findings of the direct hypothesis relating integrity and accountability had a positive significant effect. The inference was that integrity affects individual productivity through promotion of transparency in organizational operations. The findings and the emergent conceptual and methodological gaps built a strong foundation for conceptualizing the current study.

Barasa *et al*. (2016) undertook a qualitative study that explored how power and actor interactions influence setting of priorities and allocation of resources in two hospitals in Kenya. Power imbalance was seen to result from a lack of integrity, unfairness, and abuse of power. The results of the interview singled out the causes of power imbalances as the actor interactions leading to socially created interfaces between senior and middle level managers. The power imbalances caused middle level managers, clinicians, and the community to feel excluded from the process of decision-making. Whereas power causes influence and is an important force for effective leadership, Buchanan and Badham (2008) opine that leaders should exercise

power with control and within ethical boundaries. Although the study did not directly link integrity with firm survival, the principle of fairness in balancing power dynamics was considered a leadership stewardship attribute that espouses values of integrity. The researcher went ahead to incorporate the findings and the methodological and conceptual research gaps to conceptualize the current study on survival of Healthcare-based SMEs.

Individual Responsibility. Individual Responsibility is defined as an individual's ability to be relied upon to perform a certain task without being controlled (Vopalecký & Durda, 2017). The tenets of responsibility create an environment that defines the roles of each of the members of a group and also promote a culture of co-ownership of the organization's processes as well as its outputs. Democratic stewardship promotes an open transparent system and employees' involvement in the decision-making and execution necessary for the achievement of the organizational goals (Adobor, 2020). For its effectiveness, employees need to show willingness to get involved and exhibit a sense of community amongst themselves (Hutter *et al*., 2017). A sense of community entails employee identity and membership, a level of influence, integration, fulfillment of the needs of each member, and shared emotional relationship (Hyde & Chavis, 2008). When employees undertake duties out of their own volition, there is a likelihood of better individual productivity and higher organizational performance (Cossin *et al*., 2015).

Democratic leadership assumes that all members of the organization have equal responsibility over the decision that are made (Igbaekemen & Odivwri, 2015). This study was of the view that healthcare-based SMEs comprise members with varying levels of capabilities and therefore different expectations may be required of each member based on their area of expertise and the problem at hand. In shared

leadership, the leadership functions circulate among the members of the organization at different times based on the member best placed to solve the emerging problem (Northouse, 2019). This approach requires members who are ready to take individual responsibility when called upon and without having to look at the weaknesses of the other members of the team. The uniqueness of the individual responsibility exhibited by members who embrace democratic stewardship makes democratic leadership an ideal style that healthcare-based SMEs can embrace to promote their survival.

A study by Samie *et al*. (2016) to support this point of view was carried out in the Iranian Ministry of Health with the aim of exploring the link between clarity of roles and employee efficiency. The research adopted a quantitative design and data was collected from 133 employees who were randomly selected. The findings showed a statistical significance between the clarity of roles and the various components of employee efficiency which included alignment with the goals of the organization, speed of task, proper utilization of facilities and equipment, self-assessment, and commitment to the task regulations. The conclusion drawn from the study was that the assigned employee responsibility should have clarity from the start because it prepares them to deal with potential challenges that tasks pose. This reasoning along the contextual and methodological research gaps were applied in the current study to investigate if the tenet of individual responsibility in democratic stewardship plays a role in enhancing efficiency of employees of Nairobi's healthcare-based SMEs to perform better and cause sustained firm survival.

A similar qualitative study in Uganda by Besigye *et al*. (2019) investigating the roles and difficulties faced by family physicians in the healthcare system identified clinical work, leadership functions, and teaching and learning as the key responsibilities undertaken by family physicians. The streams of challenges included

poor infrastructure, inadequate work force, role conflicts, unrealistic expectations, poor incentive schemes, and lack of common identity. Whereas the roles of family doctors in Uganda are well defined, the manner in which they are practiced differs due to a lack of institutionalization in the healthcare system. The study concluded that the roles and responsibilities of family physicians can best be exercised if they are entrenched in Uganda's health system and if the environment is supportive and motivates them to perform optimally. The conclusions were extrapolated in an SME context to investigate whether individual responsibility was a key democratic stewardship principle that could promote the survival of healthcare-based SMEs.

Mbindyo *et al*. (2013) undertook another study that investigated Kenyan clinical officers (COs) and the roles they play in the healthcare system. The study outcomes showed discrepancy between human resource policy documents that describe their roles and the responsibilities that they are involved in. Whereas the documents indicated a balance between managerial and technical responsibilities, respondents pointed out a practice where the undertaken responsibilities had a bias towards patient care management. The interviews highlighted tensions that existed between the prescribed formal responsibilities of COs and the actual responsibilities in practice. The areas of tension identified were conflict of roles, ambiguity of responsibilities, and failure to recognize work undertaken by the clinicians.

The conclusion from the study was that healthcare management systems should go beyond developing policy documents but have the intentionality to clearly define and implement the responsibilities of healthcare employees which act as a motivator to perform better. The study conclusions and the proposed governance structure created an opportunity for more research on the application of these tenets to address responsibility and role conflicts which act as hindrances to effective task

performance. Although the context of the study was in the healthcare sector, its replication in a specific category such as private SMEs allowed the researcher to carry out the current study.

Accountability. The terms accountability and responsibility are often used interchangeably and misconstrued to refer to the same concept. According to Odiwo *et al*. (2022), accountability is about taking responsibility arising from consequences of certain committed behaviors and focuses on concerns of all stakeholders. Organization for Economic Cooperation and Development [OECD] (2014) describes accountability as the relationship between leaders and their followers that pays attention to values of transparency, answerability, and enforceability. Transparency relates to access to information, while answerability relates to the demand for answers on an individual's actions and enforceability relates to actions taken on individuals whose behaviors do not meet the expected standards.

The freedom that is granted by democratic leadership to make decisions and generate creative and innovative ideas (Wachira *et al*., 2018) requires that team members remain accountable for their actions. Yauri-Miranda (2019) asserts that accountability is an important democratic stewardship attribute that restrains the power emanating from a certain authority and provides an account of all its motivations, actions, procedures, and outcomes. The democratic leader shares power and authority but remains accountable for the ultimate decisions that are made (Asiimwe, 2021).

Transparency, also referred to as openness, is the organization's disclosure of information intended to allow external stakeholders to monitor and evaluate the internal processes and performance outcomes of the organization (Schmidthuber *et al*., 2020). Transparency is an attribute of accountability that allows members to have

access to the data they need in making independent decisions such as financial performance and business strategies (Vopalecký & Durda, 2017). Adobor (2020) and Hautz (2017) observe that transparency promotes employee morale and engagement and builds trust among the stakeholders which in turn enhances organizational performance. The democratic leadership principle of accountability plays a critical role in democratic leadership and ensures that decisions are measured and made within the confines of the firm's capabilities (OECD, 2014). The study proposed that accountability of democratic leadership improves the quality of decisions and the likelihood of addressing the survival challenges that healthcare-based SMEs face.

Zajac *et al*. (2021) carried out a mixed method study in the USA that investigated ways of surmounting challenges associated with teamwork for firms in the healthcare sector. The study was conceptualized to identify how accountability relates to teamwork. The findings of the study presented lack of accountability as among the leading challenges that impede teamwork. Employees become more accountable when they are aware that there are consequences to their actions. The obvious research gaps that emerged related to the variables and the context of investigation. Kenya is a developing economy and is different from USA and the study findings may not relate. Despite the arguments, the current study proposed that the adoption of principles of accountability which is embedded in the dimension of democratic stewardship can positively influence performance of team members. Replicating the study in an SME context with additional variables was considered important because the findings gave better answers to the research questions with a possibility of being more generalizable owing to the complex nature of the SME sector.

Another study by Seitio-Kgokgwe *et al*. (2016) focused on Botswana's Ministry of Health stakeholders with key attention to the stewardship and performance of the health system. The study attributed weak implementation of healthcare policies to poor regulatory framework, enforcement challenges, and shortcomings in stakeholder engagement mechanisms. The conclusions drawn from the study findings were that challenges experienced with execution of stewardship role by the ministry posed accountability problems and therefore limiting the benefits that stakeholders can draw from the healthcare system. The study proposed a District Health System controlled by the Health Ministry as an effective mechanism to enhance the ministry's stewardship role of accountability. A quantitative study by Odiwo *et al*. (2022) on employee productivity in firms in the construction sector in Nigeria found out that transparency had a negative correction with employee productivity while the correlation between accountability and employee productivity was positive. The current study was of the view that entrenchment of guidelines that require accountability from employees of Healthcare-based SMEs in Nairobi can improve the absorption of health systems in the private sector and result in more benefits for stakeholders including patients, owners and the government. A scientific inquiry would provide evidence whether such benefits translate to better SME performance and a general improvement of healthcare service delivery.

The observations resonated with a study by Afande (2015a) that investigated the role of good corporate governance in enhancing financial performance of Kenyan SMEs located in Nairobi through adoption of accountability practices. The findings showed a positive correlation between the compliance to practices of good corporate governance practices and SME profitability. Factors attributed to this were presence of an effective board of directors, existence of mechanisms for evaluation of

individual as well as board directors, by-laws and guidelines to direct meetings of the board, and application of cumulative voting procedures for electing directors. The study highlighted the role of corporate governance as a means through which better management styles and effective internal auditing systems can be infused in the running of SMEs to tap into the growth opportunities.

The foregoing observations and conclusions drawn from past empirical studies highlighted the roles of integrity, individual responsibility, and accountability as important factors that enable the application of democratic leadership to promote firm survival. The principle of integrity creates an ethical culture within the organization while individual responsibility clarifies roles and avoids role conflicts. Accountability on the other hand inculcates answerability of an individual's actions. Whereas the reviewed studies bring out specific attributes of stewardship, they do not directly establish a succinct relationship between leadership and firm survival. Further, the variables differ, the items of measure vary, and methodologies are either qualitative or quantitative. These observations gave a justification for more research in the leadership discipline. The current study acknowledged these important leadership attributes and investigated how the three indicators of democratic stewardship integrated to influence the application of democratic leadership in improving the survival chances of healthcare-based SMEs in Nairobi City County.

The Mediating Effect of Dynamic Capabilities

Barreto (2010) defines dynamic capabilities as the firm's potential to offer solutions in a systematic manner driven by its propensity to detect opportunities and potential threats which enhances its ability to make accurate and consumer-focused decisions to alter its resource support. Dynamic capabilities are considered to be the firm's capacity to recognize opportunities, design and make the appropriate

investments necessary to capture those opportunities and reorganize the resource structure and the aptitude needed to adopt changes that result in long-lasting competitive advantage (Teece, 2007). Helfat *et al*. (2007) describe dynamic capabilities as the organization's capacity to intentionally create, expand and modify the resource structure.

Peteraf *et al*. (2013) observe that dynamic capabilities can be developed and therefore can be acquired by any organization. Past empirical studies undertaken by Helfat *et al*. (2007) show that managers play an integral role in the development of dynamic capabilities which inspire firms to attain superior performance. The process of developing dynamic capabilities is path-dependent and is attributed to a learning disposition, which tends to be more cumulative and evolutionary than revolutionary (Páez *et al*., 2022). Learning through path-dependency is an approach employed by organizations to acquire dynamic capabilities and is exercised through a deliberate process that creates, enlarges, and changes the structure of resources available to the organization (Tallott & Hilliard, 2016). The process is driven by both exogenous as well as endogenous contextual factors thus, making it an important performance tool for effective leadership.

The operationalization of dynamic capabilities in this study required the understanding of the distinction between dynamic capabilities and ordinary capabilities. Teece *et al*. (1997) conceived the earliest seminal definition of dynamic capabilities and described the construct from a lens of long-term competitive advantage. Páez *et al*. (2022) describe ordinary or operational capabilities as the best practices which drive an organization's operations and have the potential to "change". On the other hand, dynamic capabilities also referred to as high-order capabilities are responsible for long-term competitive advantage and "bring about the change".

Peteraf *et al*. (2013) view the two types of capabilities as complementary because best practices can boost a firm's competitive advantage. The high-order capabilities have common characteristics and can be imitated whereas, ordinary-level capabilities such as structures, processes, and practices are individualistic, and therefore are not imitable meaning, their use may be limited (Fortune & Mitchell, 2012; Rungi, 2015). Dynamic capabilities can expand, modify or establish ordinary capabilities and enable firms to eke a living and thus, realize evolutionary fitness (Teece, 2007).

This study used dynamic capabilities as a mediating variable of the relationship between democratic leadership and firm survival because it was perceived to explain how the three conceptualized dimensions of democratic leadership work to enhance firm survival in an SME context. A mediating variable acts as the link between the independent variable and the dependent variable and helps to provide a detailed explanation of the nature and direction of the relationship that exists between them (Sidhu *et al.,* 2021). It is influenced by the independent variable and exerts an effect on the dependent variable. How the construct of dynamic capabilities was conceptualized in this study helps to bring out the mechanisms of how democratic leadership works to improve the survival of healthcare-based SMEs.

The dynamism of the contemporary business climate triggers firms to develop organizational agility with a key focus on dynamic capabilities necessary for their survival (Chen, 2019; Lopez-Cabrales *et al.*, 2017). Helfat *et al*. (2007) opine that dynamic capabilities do not only increase opportunities for organizational survival but also open avenues that promote organizational growth. For healthcare-based SMEs to survive and experience growth, they should not just seek financial solutions, but also single out their dynamic capabilities and propose ways in which they can be applied to surmount the turbulence associated with uncertain business climates (Martins,

2023). Dynamic capabilities according to Teece (2007, 2012, 2014) are categorized into three: sensing capabilities, seizing capabilities, and configuring capabilities. This study adopted the three categories to operationalize the construct. The capabilities were investigated from an organization's ordinary resources for marketing, operations and human capital.

Sensing Capabilities

Sensing capabilities according to Teece (2007) entail identification and assessment of the firm's endogenous and exogenous opportunities. Examples of such capabilities include a manager's creativity and interpretive abilities that help to scan and explore opportunities and threats (Teece, 2012). Such capabilities play a diagnostic role and highlight the firsthand challenges related to the needs of the customer and the state of the firm's operations (Páez *et al*.,2022). The application of sensing strategies on ordinary marketing capabilities causes organizations to monitor the economic state of the competitors, anticipate the customer demands, and monitor opportunities in the market that can be exploited for competitive advantage. This study was of the view that democratic leadership generates dynamic capabilities to sense an organization's concerns relating to leader behaviors, democratic environments, and democratic stewardship practices. The researcher presumed that the extent to which a firm's sensing capabilities are reflective of the healthcare-based SME's state, the higher the chances of prescribing the right strategies to promote the SME's competitive advantage and enhance the chances of its survival. Several empirical studies were reviewed to support this assumption.

A quantitative study undertaken in Portugal by Loureiro *et al.* (2021) sought to establish the dynamic capabilities of firms in the healthcare sector. A structured questionnaire was used for data collection from 245 managers who were professionals

in various fields. The study focus was on identification and categorization of dynamic capabilities possessed by healthcare organizations in the public healthcare sector. The categories of dynamic capabilities that were identified included marketing capabilities, technology capabilities, operation improvement capabilities, innovation capabilities, and human resource capabilities. Whereas the study illuminated the organization's analytical capabilities necessary to sense opportunities, neither was the leadership angle nor the dynamic development process emphasized. These gaps and the identified resources were applied in the current study on healthcare-based SMEs under a leadership context for its conceptualization.

A related quantitative study by Tawane and Muathe (2019) on SME focusing on implementation of strategies and growth was done in Garissa, Kenya, from 294 enterprises. The study conceptualized growth as the capabilities of the resources at its disposal. The identified SME's resources were the owner's effort, technical skills, and capital which required the enactment of certain tasks and application of certain processes and systems for them to be acquired, developed, and then converted into services and products. Such processes were implemented through a strategy that involved communication, leadership practices, appropriate allocation of resources, and the creation of a conducive work environment. The implication of the findings was that firms possess certain ordinary resources that can be transformed into better products and services and in turn confer competitive advantage and higher chances of firm survival. The findings highlighted the mediating role of dynamic capabilities in enhancing certain leadership-related practices for better firm outcomes. The reasoning was applied in the current study to explain how democratic leadership enhances survival of healthcare-based SMEs.

Another study by Mwihia *et al*. (2018) on efficiency of Kenyan public hospitals found out that leader's personality characteristics, leadership practices such as delegation and empowerment, and the environment in which the hospital is located influence the efficiency of the operations of the hospital. These are considered to be important internal and external resources that can be prioritized when developing strategies to improve the performance of hospitals. Based on these observations, the current study proposed that dynamic capabilities of sensing can be applied to democratic leader behaviors, democratic workplaces, and democratic stewardship to identify an organization's marketing abilities, operational resources, and human capital which are important determinants for survival of healthcare-based SMEs.

Seizing Capabilities

Seizing capabilities refers to putting into proper use the opportunities at the firm's disposal identified during the sensing stage which is facilitated by a quality decision-making process (Teece, 2014). Teece (2016) exemplifies the seizing concept with the firm's choice of making decisions on investing in requisite competencies, appropriate resources, and strategic business models that achieve maximum value from the firm's investments. Wagner *et al*. (2017) stated that seizing capabilities arouse new product and service development and thus, help to exploit the identified opportunities.

A study by Páez *et al*. (2022) gives an example of handling knowledge related to marketing that is identified in the sensing stage which acts as a bridge that aids in developing operational marketing capabilities through wide investment decisions, developing new products, getting new channels of distribution, or developing better business models. The current study proposed that seizing operational capabilities have the potential to positively affect the process of deployment of democratic leader

behaviors, changing the components of the democratic climate, and embracing values of democratic stewardship therefore making democratic leadership a more efficient style. Effective democratic leadership translates to better healthcare-based SME performance and therefore survival.

A qualitative study undertaken in Germany on the role of digital platforms in the management of data-dependent innovation in the healthcare sector found that such platforms can revolutionize entrenched practices in healthcare-based firms (Pietronudo *et al*., 2022). The study paid attention to emergent capabilities as drivers of innovation in healthcare ecosystem. The findings were that dynamic capabilities that drive innovation and integration were shown to stimulate capabilities of learning which in turn inculcate technological developments that enhance the firm's competitive advantage. Secondly, the founder's dynamic capabilities were shown to trigger the capabilities of networking between the different stakeholders which in turn improves collaboration and therefore increases efficiencies of healthcare systems. The observations corroborate views by Teece (2016) on the appropriateness of decisions made to seize available resources to maximize an organization's investments. The study however did not consider the choice of leadership as a possible driver in the decision making process therefore necessitating an investigation that incorporates leadership as demonstrated in the current study.

In support of similar thoughts, another study by Abdelkareem *et al*. (2022) on the effect of dynamic capabilities, entrepreneurial orientation, and performance of business processes of Egyptian-based SMEs showed that dynamic capabilities mediate the relationship between entrepreneurial orientation and performance of business processes. The conclusion drawn from the study was that SMEs' dynamic capabilities change ordinary capabilities such as competences and resources to bring

about better performance. The study supported the mediation process of dynamic capabilities but not between democratic leadership and firm survival. The context was not in the healthcare sector. The observed conceptual and contextual gaps necessitated new research with other variables under a different context.

Mureithi *et al*. (2021) undertook a related study that paid attention to the role of social capital on productivity of Kenyan universities academic staff. The research design was correlational, study data was collected from 392 employees and the focus was on the effect of dynamic capabilities on firm resources. The findings were that social capital indirectly influenced staff productivity through mediation brought about by dynamic capabilities. The study's conclusion was that although social capital is an important resource for better productivity on research, a researcher's dynamic capabilities are critical for deployment and reconfiguration of the resource. These learnings were extrapolated in the current study to shed more light on the mediating role of dynamic capabilities in the relationship between democratic leadership and firm survival in an SME context.

Configuring Capabilities

The configuring capabilities are viewed as the firm's sustained strength to renew and reshape resources (Teece, 2007). Configuration means resources are effectively managed and assets are appropriately transformed so that the firm can be responsive to environmental dynamism and maintain a strategic fit. Teece (2012) notes that the firm's capabilities to transform and reconfigure resources stimulate its abilities to enhance, integrate and reshape both its external as well as internal resource bases to realize a competitive edge over others. Configuring capabilities relate to a firm's ability to adapt to the environment (Teece, 2014). In support of this argument, Páez *et al*. (2022) highlight that in a stable context, reconfiguring the resources may

be regulated, but in uncertain contexts, the need to reconfigure the resources to fit the external environment is necessary.

Configuring capabilities are key to this study because they can help a democratic leader to transform some of the measurement items of the dimensions of democratic leadership to develop better superior products and services. Because they are context-dependent, the study applied stages of the firm lifecycle as the context that conditions their application.

Páez *et al*. (2022)'s study in Portugal related dynamic capabilities to the lifecycle of firms. The study measured the outcomes of combining sensing capabilities, seizing capabilities, and reconfiguring capabilities to different extents at various stages of lifecycle. The measures were based on operational marketing and technological capabilities. The findings showed that different configurations of dynamic capabilities had an impact on both marketing capabilities and technological capabilities. While the study did not focus on any specific leadership style that the enterprise employed, the different strategies used to transform internal resources and capability portfolios can be related to certain leadership styles. While the study was among the few that have investigated the integration of the three dynamic capabilities, there were gaps in that the study did not focus on dynamic capabilities as a mediating variable nor was the context healthcare related.

A related study undertaken in Colombia investigating the mediation role of dynamic capabilities in the association of technologies and sustainable performance concluded that dynamic capabilities enable firms to put into better use of the resources in their possession (Acosta-Prado & Tafur-Mendoza, 2024). Further, they help to incorporate new skills to combine, develop, and reconfigure a firm's external and internal competencies for better performance. Therefore, dynamic capabilities can

mediate various relationships by combining the available ordinary resources in different ways to give different outcomes based on the prevailing firm's business climate. The arguments were applied in the current study to explain how the mediating role of dynamic capabilities allows the configuration of different attributes of democratic leadership in healthcare-based SMEs in a Kenyan context to improve their survival.

Another quantitative study by Mashingaidze *et al*. (2022) focusing on how dynamic capabilities affect the growth of SMEs in the tourism sector in Zimbabwe through innovation found that understanding and integrating the three dynamic capabilities of sensing, seizing, and reconfiguration is critical for the growth of SMEs. The conclusion drawn from the study findings was that innovative strategies such as product, process, and marketing innovations facilitate the SMEs' ability to deploy dynamic capabilities to bring growth. The current study borrowed the same line of thinking but under SMEs in the healthcare sector when democratic leadership is adopted as an independent variable and dynamic capabilities as a mediating variable.

Mwenemeru and Kihara (2018) undertook a mixed method research with an intention of determining how generic strategies affect competitiveness of Kenya's Nairobi County hospitals in the private sector. The study outcomes were that the hospitals adopted a mixed strategy by combining different aspects of cost leadership, differentiation, and focus to varying degrees to compete successfully in the industry. Among the specific actions taken included; capacity building for the leaders and staff on strategy implementation, reduction of cost of services, and staff retention programs. The observed study outcomes were extrapolated to healthcare-based SMEs to test whether dynamic capabilities can mediate the relationship between democratic leadership and SME survival.

The reviewed literature illuminates the uniqueness of dynamic capabilities and how they equip firms with a competitive edge and enhance their survival. The empirical studies on SME performance have not given prominence to well-defined outcomes of the effect of the three levels of dynamic capabilities (Páez *et al*., 2022). Only one study by Hernandez-Linares *et al*. (2021) has been able to show how individual dimensions of dynamic capabilities singularly impact firm performance. Moreover, the mediating role of dynamic capabilities is not well explained with limited research linking democratic leadership and dynamic capabilities (Acosta-Prado & Tafur-Mendoza, 2024; Mashingaidze *et al*., 2022). The postulations of the Situational Leadership Theory propose the flexible nature of democratic leadership and its ability to combine the different aspects of the conceptualized dimensions based on the prevailing context as probable mechanisms of action. The paucity of clear understanding of how dynamic capabilities mediate performance-oriented relationships creates opportunities that can direct future studies and therefore strengthen some of the objectives that the current study intended to meet.

The Moderating Effect of Firm Lifecycle Stages

A moderating variable influences the relationship between the independent variable and the dependent variable by changing the strength and the direction of their relationship (Edwards & Lambert, 2007). When applied, a moderating variable brings change to the "effect" dimension of the causal relationship. A moderation process causes the influence of the independent variable on the dependent variable to change based on the extent to which the moderating variable interacts with the independent variable. This study used the firm lifecycle stages as the moderating variable that determines the extent to which democratic leadership influences firm survival. When

applied, the firm lifecycle stage can constrain the relationship and therefore affect the firm survival chances.

Chandler is recognized for being among the earliest theorists to develop a firm lifecycle framework that was modeled around the concept of growth in biological sciences (Páez *et al*., 2022). The initial model consisted of four stages and each of the stages was characterized by unique structures and strategies. Other authors have since used this foundation to propose different models that vary in the number of stages. For instance, a model by Churchill and Lewis consists of five stages namely; the existence stage, survival stage, success stage, take-off stage, and resource maturity stage (Rahmanseresht & Yavari, 2017). Miller and Friesen (1984) Model consists of the birth stage, maturity stage, revival stage, and decline stage. Firm lifecycle is a phenomenon commonly used to describe the various stages an enterprise undergoes from the introduction phase, through the growth and maturity phases to the decline phase (Verma, 2019).

Life cycle stages consist of distinctive configurations of concepts that relate to the context as well as the structure of the organization (Hanks *et al*., 1993). Contextual factors consist of the age of the organization, size of the organization, rate of growth of the industry, and firm-related challenges, while structural factors include the form, degree of formalization and centralization, vertical differentiation, and the height of hierarchical levels (Cheikhrouhou *et al*., 2012). Life cycle stages also referred to as organization growth phases share many similarities but are unique for each enterprise. Lu and Wang (2018) observe that each growth phase of the organization is unique, has its characteristics, is faced with specific challenges, and therefore requires tailor-made solutions. According to Quinn and Cameron (1983 as cited in Andriani *et al*., 2018), when an organization transitions from one stage to the

next, the strategies applicable in the past stage need adjustment to allow the organization to adapt to the emerging environmental changes.

Daft *et al*. (2020) opine that a firm lifecycle is an approach that can be embraced to assess growth and change in enterprises by monitoring their structural changes, styles of leadership, and systems of administration. The authors demonstrate this with a life cycle model with four stages, namely; the entrepreneurial stage, collectivity stage, formalization stage, and elaboration stage. The entrepreneurial stage represents the birth of the enterprise and is characterized by the development of new products and services (Danvila-del-Valle *et al*., 2018). In this initial phase, the founders are entirely responsible for production and marketing activities. The organizational structures are non-bureaucratic and informal with the owners taking full control of the operations. The growth of the enterprise is associated with the employment of more staff who become a source of problems for the owner by creating a "leadership crisis" that is addressed through changing organizational structures and employing new managers (Saha *et al*., 2021).

Successful resolution of this crisis leads to the second stage; the collectivity phase, which is characterized by clear organizational goals and the establishment of departments that consist of well-defined tasks and are led by professional middle-level managers (Illés *et al*., 2015). This enhances employee commitment and promotes growth which leads to another crisis called the "delegation or autonomy crisis" (Daft *et al*., 2020). The employees feel constrained by the top-down leadership structure. Top-level managers tussle with middle-level managers for autonomy. The crisis for autonomy is resolved by introducing systems that enhance control and coordination of departments with minimal input from top-level executives (Saha *et al*., 2021). Successful implementation of the systems leads to the third stage of

formalization which is characterized by a set of rules, operating procedures, and control systems (Safari *et al*., 2018).

Organizations that are in the formalization stage embrace organizational structures that are formal, the communication is minimal and top executives focus on planning and strategy development (Greiner, 1998). There are concerns for systems that introduce control to ensure the effectiveness of middle-level managers in delegated functions. The most important focus in the third stage is coordination because of the large number of employees and middle-level managers (Rahmanseresht & Yavari, 2017). The control systems that are introduced by the top executives become a source of the third crisis, "red tape", associated with middle-level managers who feel constrained and unable to use personal initiatives to develop innovative ideas. Effective resolution of the red tape crisis leads to the fourth stage, called the elaboration stage (Daft *et al*., 2020).

The elaboration stage is characterized by strategies that embrace more accommodative approaches to collaboration and building a teamwork culture (Saha *et al*., 2021). It is achieved by encouraging managers to develop better skills in problem diagnosis and problem-solving. Self-discipline and social-oriented controls can effectively replace controls that are based on formal systems. As the enterprise grows with age, it may lose momentum and get into a phase that is characterized by decline, which may be transient or permanent (Daft *et al*., 2020). This is another crisis that requires revitalization through mechanisms in response to environmental demands such as change of organizational structures, reduction in over-bureaucratization, and establishment of innovative cultures (Páez *et al*., 2022).

Alamoudi (2019) opines that leaders need to develop mechanisms to manage their organizations through the various growth phases even during turbulence

occasioned by hyper-competition. Understanding the position at which an organization is in its lifecycle is a critical consideration for guiding leaders to restore the direction of the organization and keep it on the performance track (Rahmanseresht & Yavari, 2017). Today's business environment is very competitive and therefore leaders of organizations including healthcare-based SMEs have to adopt new attitudes and behaviors to ensure their organizations survive (Afkhami *et al*., 2012). Danvila-del-Valle *et al*. (2018) state that the objective of the organization in each of the stages of the growth cycle differs and this informs the decisions that the leader undertakes and the kind of management styles that they employ. To operationalize the dimension of the firm lifecycle stage and to understand the stage in which the firm is, this study borrows the measurement items from Greiner's Growth Model that consist of: the age of the firm, the size of the firm, the phases of evolution and revolution, and the industry sector growth rate.

Age of the firm

The age of the firm relates to the organization's lifespan which affects operational practices, leaders' attitudes, and employee behaviors which change over time or become entrenched in the organization's culture (Saha *et al*., 2021). These arguments buttress the reason for use of stages of lifecycle in this study because a majority of leadership challenges are constrained by time. For example, decentralization of authority may be useful at a certain time but maybe inapplicable at a different time. Age influences the stages because of the institutionalization of certain managerial attitudes that may become obsolete with time and affect employees' abilities to respond to changes in the environment. Such cultures influence an organization's ability to overcome the challenges of each of the stages and survive.

Although age is not a direct determinant of the stage in which a firm is on its lifecycle (Greiner, 1998), this study relates the age of the healthcare-based SME to the experience it gains with time. Kristanti *et al*. (2019) opine that many firms in their maturity stages are likely to be older. The longer the time a firm has been in existence, the better its learning curve and the experiences it gains over time. Firms that have existed for a longer time have higher chances of survival than those in their earlier years of existence (Saha *et al*., 2021). The assessment of the embraced cultures and learned experiences were applied in this study to find out if there is any relationship between the age of the firm and the stage on which it is on the lifecycle stage.

Illés *et al*. (2015) undertook a quantitative study that investigated the efficiency and profitability of small business in Hungary across the stages of lifecycle. The study relied on the postulations of the Adizes Lifecycle Model, which has been applied widely to establish the various stages of organizational growth. The findings were that enterprise profitability was strongly determined by the enterprise's stage on the lifecycle as well as its age. The explanation for the observation was that an enterprise's ageing process decreases its growth rate. Any enterprise starts with a very rapid growth which slows down as a result of saturation especially if the leadership practice adopted does not embrace flexibility and innovation in response to environmental changes. The current study adopted the postulations of Greiner's Growth Model to investigate the relationship between the stage of lifecycle and the age of healthcare-based SME and how it affects the application of democratic leadership in enhancing SME survival.

Another study by Radipere and Dhliwayo (2014) in South Africa on the effect of age and size on the performance of small firms in the SME sector showed that there was a significant statistical difference in performance between various business

categories based on age. This however did not apply to businesses whose age was below one year and above twenty years. From a lifecycle perspective, businesses below a year lack adequate entrepreneurial skills to thrive whereas, those above twenty have reached maturity where competitiveness is lost with success being pegged on excellent leadership skills and an innovative culture (Rahmanseresht & Yavari, 2017). The relevance of these findings to the current study on survival of healthcare-based in Nairobi was to find out how the age of the SME, which is an attribute of firm lifecycle stages, related to its survival.

A study by Mallinguh *et al*. (2020) focusing on the industry sector, age of the firm and performance was carried on 146 medium sized enterprises in Kenya. The purpose was to understand how firm age and the sector to which the business belongs affect performance. The study concluded that the age of the firm among other factors strongly influence organizational performance. The study argued that older firms have better capabilities to grow their operations through more products and better profits and therefore realize a competitive edge. On the other hand, aging can institutionalize rigid behaviors which result in slowness in growth, increment in costs, and non-innovative culture often caused by weak governance structures. These contrasting arguments called for the need for an inquiry on how age of the firm affects its performance. The current study addressed the observed gaps by undertaking the research in the healthcare SME sector which is very dynamic and the mixed method design helped to add rigor into the research process. The study adopted the age of the firm as an indicator of lifecycle stages of healthcare-based SMEs with a view of testing how it influences SME survival in a democratic leadership context.

Size of the Firm

Penrose (1995) opines that the size of the firm can be evaluated with the current value of its entire resources which are employed for the production of services and products. The different measurements that have been suggested for the evaluation of firm growth include expansion in the size of the market share in terms of sales volumes and the number of employees (Saha *et al*., 2021). Other approaches have embraced profits, the number of customers, the level of value addition, and an increase in the number of assets. Delmar (2006) observes that most empirical investigations measure growth against the annual sales and the number of staff members due to their accessibility and applicability in carrying out comparative analysis.

According to the Greiner's Growth Model, the increment in firm size is accompanied by a parallel increment in the challenges associated with coordination and communication (Greiner, 1998). The resultant structural complexity that the firm builds leads to the emergence of new functions, more hierarchical positions, and extensive job interdependences which complicate the management processes that maintain organizational growth. Failure to match these size-related complexities with the suitable leadership style can lead to the collapse of organizations.

This study was of the view that the size of the healthcare-based SMEs is related to the stage of the SME's lifecycle because organizations growth is associated with transition across lifecycle stages (Daft *et al*., 2020). The impact of size on firm survival has been viewed from different angles by previous researchers. For instance, SMEs are viewed to have flatter structures with limited bureaucracy which quickens the decision-making mechanisms and thus gives an advantage of faster response to environmental changes as compared to larger enterprises (Steinerowska-Streb *et al*.,

2022). On the other hand, SMEs do not enjoy the benefits of economies of scale and learning curve experiences that benefit larger enterprises (Karadakal *et al*., 2015).

These observations infer that the understanding of the interplay of firm size and the internal and external factors that promote firm survival is very critical. The desire of any organization is to ensure long-term survival through growth in size, employment of efficient staff, increase in revenue, and growth of profits. Understanding the complexities that arise with changes in firm size and successful transition across the lifecycle stages opens new horizons for new research in complex environments and therefore building a strong case for this study.

A study by Trung (2021) undertaken in Vietnam to explore the factors affecting SME performance found out that firm size is among the key determinants of performance. The study theorized firm size from several aspects that included; manufacturing capabilities, number of services that can be offered concurrently to the client, and profitability, but applied only the concept of profitability. Large size is associated with more revenues, better cost management, and more command of investor confidence which relate to higher profits. The firm size-related factors found important in influencing firm profitability can be investigated in healthcare-based SMEs to determine whether they influence firm survival. The different levels of categorization of healthcare facilities as per KMPDC and the number of employees were applied in the current study as a measure of firm size. The researcher incorporated democratic leadership to explore the way the complexities associated with the increase in size and firm growth can be addressed through a leadership lens.

On the contrary, a study by Radipere and Dhliwayo (2014) on performance of South African small enterprises and firm size and age, the findings were that the relationship between enterprise size and enterprise performance had no significant

statistical difference. The study measured size by the number of staff and observed that irrespective of whether an enterprise was micro, small, medium or large, the factors that affect its entrepreneurial capabilities remain constant and apply in equal measure to all the business phases. Kenyan SMEs are majorly categorized by the number of employees, and this is significant in this study because firm lifecycle stages relate to increase in number of employees (Greiner, 1998). The differences in opinion form strong foundation for grounding more inquiry on firm size and performance.

A related study by Kitenga *et al*. (2020) on firm size, dynamic capabilities, and performance of Kenyan firms in the food manufacturing sector found out that firm size did not significantly relate to the firm performance neither did it moderate the association of dynamic capabilities and performance. The arguments posed by the study were that firms increase in size to grow their profits due to development of their dynamic capabilities but unfortunately the growth is faced with challenges of flexibility and therefore to the speed of response to environmental demands. Further, dynamic capabilities and not firm size determine the flexible and quick response to turbulence in the environment thus a firm's ability to achieve competitive advantage.

Firm size is an attribute of firm lifecycle (Danvila-del-Valle *et al*., 2018) and the empirical studies give varying views on firm performance. While some project the effect of firm size positively, Kitenga *et al*. (2020) argue that the effect of size on performance is indirect and is realized through generation of dynamic capabilities which in turn are dependent on the adaptive nature of the leader. Thus, the link between firm size, leadership, and firm performance can be investigated to shed more light and determine if size enhances or constrains the chances of firm survival.

Phases of Evolution and Revolution

Evolution in the firm lifecycle context refers to prolonged phases of growth during which the firm expands without major upheavals (Mainiero & Tromley, 1994). According to Greiner (1998), the phases of evolution are characterized by continuous and smooth growth with minimal economic challenges or internal operational difficulties. The evolutionary period according to Saha *et al*. (2021) can last between two to three years and in contexts where organizations successfully wade through the crises, a continuous four to eight years of exponential growth is experienced. This study considerered this phase very important to reap maximum benefits and re-invest to avert future challenges that can negatively impact the survival of the firm.

The behavioral patterns of the phases of evolution in the different stages of lifecycles of healthcare-based SMEs can be adopted to develop "Best Fit" practices that leaders can employ to enhance firm survival rates. The "Best Fit" model posits that leaders should align their strategies to match the dynamics of the environment for better performance outcomes (Boxall & Purcell, 2016). The current study endeavored to identify the unique characteristics that keep the growth trajectory during the evolutionary phases of healthcare-based SMEs and find ways in which they can be integrated with democratic leadership to improve firm survival.

Revolution on the other hand refers to phases of firm growth during which firms experience turmoil (Mainiero & Tromley, 1994). The revolutionary phases are characterized by turbulence that unsettles the management practices. The critical observation under this phase is the inappropriateness of classic management practices ideal for managing smaller enterprises and therefore desire for alternative management approaches. Greiner (1998) notes that this is the phase during which many organizations stagnate or collapse especially if they do not embrace newer

management practices. Therefore, organizations willing to survive should redesign the leadership into management practices that surmount the challenges encountered in this phase.

The relevance of the revolutionary phase of a firm lifecycle to this study was the experiences that leaders of healthcare-based SMEs can learn and apply in their contexts to improve the survival rates of their enterprises. Danvila-del-Vallem *et al*. (2018) observe that the characteristics of each lifecycle phase differ and the transition process across each of the phases is faced with a myriad of challenges. Effective leaders can turn these challenges into opportunities. Moreover, the experiences learned from the regular challenges can be applied to draw patterns that can be anticipated and appropriate strategies laid to forestall future failures. The tenets of the future orientation of democratic leadership (Hilton *et al*., 2021) and the dynamic capabilities of sensing and seizing opportunities (Páez *et al*., 2022) were applied in this study to address the challenges of revolution that healthcare-based SMEs encounter as they transition across the lifecycle stages.

In support of this proposition, a study by Martani *et al*. (2021) focusing on ways of handling evolutionary and revolutionary phases of a firm's lifecycle identified several areas that can be changed to improve the framework of health data in Switzerland. Some of the areas included a change of attitude and mindset, development of a clear strategy for health data, effective communication, respect for cultural diversity, enhancement of infrastructure for data centers, harmonization of access to data, protection of patient confidentiality, and individual rules. The study highlighted the need for change to align with evolution and revolution phases but fails to incorporate leadership practice. The current study adopted the findings but

incorporated democratic leadership with a view of understanding how the style links evolution and revolution to firm survival.

Arzubiaga *et al*. (2022) carried out a case study whose purpose was to investigate the evolution of factors that influence successful implementation of marketing activities across the different stages of lifecycles of a Lebanese private firm in the healthcare sector. The study findings were that successful implementation of marketing strategies depended on the leader's ability to identify the marketing gaps and appropriate positioning of the organizational operations by creating differentiated products. Among the strategies that the firm embraced that Nairobi healthcare-based SMEs can emulate for survival across the growth stages were creation of new leadership positions, recruitment of the best healthcare professionals, and adopting new technologies for improved service delivery to their patients. The study highlighted the leader's role but failed to highlight the appropriate leadership style to apply. Democratic leadership and dynamic capabilities were incorporated in the current study to explain the role of leadership in navigating the SMEs through the stages of growth to improve their survival.

Rahmanseresht and Yavari (2017) undertook a study in Iran that examined the association of lifecycle stages and the embraced styles of leadership. The study employed Miller and Friesen's lifecycle model to identify the stage in which the firm is on the lifecycle. The items used to determine the appropriate leadership mechanism were decision-making processes, leadership, management positions, and the level of development of the organization. The findings were that a positive correlation existed between the styles of leadership and the stages of the lifecycle. Applicable styles of leadership identified in different stages of the lifecycle included authoritative, benevolent, consultative, and participatory approaches. It was proposed in the current

study that identifying the characteristics in each of the stages of healthcare-based SME can be applied to determine if the firm is in a state of evolution or revolution and the appropriate leadership practices that can be applied to enhance SME performance.

A quantitative study by Chingwena and Scheepers (2022) focusing on changes brought about by Covid-19, complexity leadership, and adaptability of SMEs in Zimbabwe found out combining the dimensions of complexity leadership would result in suitable adaptive behaviors necessary to surmount emergent changes that emanate from environmental dynamism. Another study by Kisilu *et al*. (2019) on strategic planning and the performance of SMEs based in Makueni, Kenya found out that industry factors affect their ability to adopt strategic planning necessary for their growth. The studies agree that leader's adaptive nature is critical for navigating firms through the phases of evolution and revolution but do not articulate the specific leadership styles that improve their survival. The current study addressed this conceptual gap by relating the tenets of democratic leadership, lifecycle stages and firm survival.

Growth Rate of the Industry

Mainiero and Tromley (1994) propound that the rate at which firms encounter evolution and revolution periods has a relationship with the environment of the industry to which the firm belongs. For example, a market with rapid expansion characteristics will result in more job opportunities for employees and therefore lead to reorganization of structural designs to accommodate the newly recruited staff (Greiner, 1998). Similarly, phases of evolution are shorter in a rapidly expanding market whereas in stable environments or where the growth rate is low, they tend to be longer.

Secundo *et al*. (2019) argue that the healthcare ecosystem is very complex due to the heterogeneous nature of the players and the environmental dynamism that results from factors such as unpredictable disease patterns and unstable economies. Mwihia *et al*. (2018) opine that the healthcare sector in a majority of developing countries more so in Sub Saharan Africa lack adequate resources thus affecting the phases of evolution and revolution. The study suggests that healthcare-based SMEs should continuously analyze their industry sector to gain knowledge of factors that can promote or impede their survival rates. The SMEs can tap into the flexible nature of democratic leadership to surmount the industry challenges to enhance their competitive nature and in turn their survival.

To shed more light, a quantitative study by Uthamaputhran *et al*. (2021) on performance of SMEs in Malaysia during the era of Covid-19 found out that the performance of the sector was affected by factors such as uncertainties related to supply chain, change in hours of operation, and weak market demand. The government enacted policies to contain the spread of the virus, therefore, causing disruptions in supply chain, reduction in the business operating hours, and change in purchasing power due to unavailability of goods. These policies were found to slow down the sector activities. The findings are reflective of the dynamic environments in which a majority of SMEs exist which are characterized by unplanned disruptions, inadequate resources and poor entrepreneurial skills (Naradda *et al*., 2020). By limiting the study to SMEs in the healthcare sector and introducing democratic leadership as an independent variable, the researcher addressed the contextual and conceptual gaps with a view of infusing rigor into the new findings.

Enesi and Ibrahim's (2021) related study that investigated the performance of Nigerian SMEs during the Covid-19 pandemic identified certain industry

characteristics that affected their ability to grow and transition across the various stages of lifecycle. They included weak financial base to adequately compensate their employees, pay rent and honor loan obligations. The lesson learned is the realization that the business climate of any enterprise is constantly changing, and this affects growth that defines the enterprise's ability to move from one growth phase to the next. Likewise, the healthcare SME ecosystem is very volatile and this can constrain the growth and survival of the SMEs. It is proposed that the SMEs should carry a constant analysis of their environment, and put in place leadership strategies to mitigate the challenges and at the same time maximize the opportunities that come along with the challenges.

Asaph and Awuor (2019) undertook a study in Kenya on the healthcare ecosystem and service delivery in healthcare facilities under devolution. The findings were that political interference, human resources, and government policies among other factors impact the delivery of healthcare services in Kenya. Similar challenges extend to the private healthcare sector due to public-private partnerships through the UHC, the defunct NHIF, and now SHA funding programs (Dinda *et al*., 2016; ROK, 2024). The Private healthcare providers do not receive payments on time and are unable to afford full-time employees. They are unable to meet their financial obligations promptly and the workforce is not fully engaged. This affects their performance, and their ability to transition along the growth lifecycle stages. In consideration of the healthcare sector challenges and identified gaps in the empirical studies, this research was conceptualized to shed light about the ecosystem of healthcare-based SMEs and how leadership can develop tailor made strategies to surmount industry challenges and improve survival rates.

The observations made from the growth models and the empirical studies illuminate the stages of a firm's lifecycle as a combination of structural, contextual factors, and leadership attributes that either promote or constrain the firm growth (Rahmanseresht & Yavari, 2017). The phases of evolution and revolution according to Greiner's Growth Model are faced with challenges that can be addressed through leadership practices (Greiner, 1998; Saha *et al*., 2021). Despite the depth and breadth of the researches, the empirical studies did not pay attention to leadership styles neither was lifecycle stages considered as a moderating variable. The current study put democratic leadership at the center of probable leadership styles that can be embraced to navigate the challenges in the various stages of the lifecycle to maintain growth and guarantee firm survival.

Firm Survival

Although firm survival is an important construct across industries, reviewed extant literature has not identified a universally accepted definition. Salunkhe *et al*. (2023) view firm survival as the hardiness that enables a firm to respond to unfavorable operational changes encountered in its business environment. Firm survival is broadly referred to as the period between the entry of a firm and its exit (Manjón-Antolín & Arauzo-Carod, 2008). It is a concept that describes a state of robustness that an organization requires to surmount challenges of the operating environment through the application of strategic decisions that promote the sustainability of its operations (Adebisi & Bakare, 2019).

The terms survival, resilience, and sustainability have been used on different occasions to refer to firm performance (Islam & Wahab, 2021; Kristanti *et al*., 2019; Okwo *et al*., 2019; Purnomo *et al*., 2021). Adebisi and Bakare (2019) observe that the employment of appropriate sustainable strategies that influence profits, human

resource practices, and the planet promotes firm survival. Purnomo *et al*. (2021) opine that survival is a type of resilience where the firm's business model is majorly constrained by turbulence. Thus, a survival model embraces a bricolage approach that tends to apply diverse ways for firms to be resourceful and therefore ensure sustained creation, delivery, and capture of value. Survival means there is continuity but at a moderated pace. Resilience is the capacity to purposefully continue with life after a period of adversity or hardship and therefore involves adaptation to adverse contexts.

Islam and Wahab (2021) postulate that the growth of a firm is a crucial feature that can be adopted to measure the performance of businesses by relating the firm's process of creating value and its long-term survival. The link between firm growth and its survival is illuminated by the observation that the firm processes and policies that promote growth act as enablers of production, increase in market share, and realization of better profits, attributes that would not be achievable in cases of stagnation (Nkwabi & Mboya, 2019). Sarwoko and Frisdiantara (2016) suggest that firm survival can also be assessed through the identification of factors that act as hindrances to SME growth. Such factors are classified as either internal factors that encompass a set of firm characteristics or external factors that relate to hurdles that SMEs face to access financial services. These factors differ across countries and are influenced by the market contexts, individual and environmental characteristics, employed strategies, and level of development of the SME (Kusi *et al*., 2015; Sadeghi, 2018; Wang, 2016). Studies by O'Connor and Kelly (2017) show that inadequate marketing strategies, poor quality of customer service, unskilled workforce, and finance-related challenges are the common hindrances to SME growth.

The understanding of the factors that impact firm survival can also be used as a firm survival measurement approach. For example, Salunkhe *et al*. (2023) enumerate several factors that include the degree of competition, demand predictability, the speed and the type of technical change, firm size, industry characteristics, resource acquisition, capability development, and level of internalization. A study by Barbosa (2016) on factors that determine the survival of small businesses applied two approaches to measure firm survival, a financial approach, and the strategy-based approach. The financial approach measured a firm's availability of cash, the magnitude of debt, cash reserves, turnover of accounts receivable, and usage of technology. The strategy-based approach measured the type of firm's products, geographical area of the market, the segment of the market, ability to evaluate sales, and tolerance to risk.

A model by Ahmad *et al*. (2020) referred to as corporate sustainable longevity (CSL) was also found useful in understanding survival. The model posits that strategies that guarantee firm survival comprise financial strength, strategic perspective, customer orientation, learning and growth, and internal capabilities. The CSL model borrows from the Balanced Score Card (BSC) model, another approach that has been applied to measure survival. Quesado *et al*. (2018) consider BSC not just as a simple tool to evaluate performance but a comprehensive strategic management instrument that articulates and translates an organization's mission and strategy into success. Bawaneh (2019) opines that BSC is a performance instrument that gathers both non-financial as well as financial information that helps in daily decision-making and supports leaders to drive their organizations to success. Dudic *et al*. (2020) recommend the use of BSC because of its flexibility in helping firms to

identify their strengths and deficiencies to enhance business performance and survival.

The current study acknowledged the different approaches that can be adopted to measure survival but chose the four BSC measurement items due to their comprehensiveness. The chosen items were (1) financial strength: cash at hand, debt level, sales turnover, and profitability (2) customer focus: turnaround time, product quality, cost implication, and customer complaints. (3) Internal business proficiencies: operational efficiency, customer-focused solutions, in-process improvements, and (4) Innovation and learning: technology adoption, training and development, skilled employees, and innovative culture.

Financial Strength

According to Kaplan and Norton (2007), the evaluation of financial strength confirms whether the organization's implementation and execution of the aligned strategies enhance the organization's bottom line. The generic financial objectives relate to profitability, share value, and growth. The BSC model has been applied to measure financial strength using measurements such as cash flow capabilities, growth of operating income and sales, return on equity, and increase of the firm's market share (Reynolds *et al*., 2019). The study was of the view that when a firm's financial health is sound, it can meet its obligation and therefore have a higher chance of survival.

To elaborate the proposal, Bawaneh (2019) undertook a quantitative study in Jordan to investigate performance of Jordanian firms in the manufacturing sector using the items of BSC. The target population consisted of 40 firms and data was collected through a structured questionnaire. Although the study measured performance against the four perspectives of BSC, the findings showed more

preference for financial leaning objectives. Further it was observed that to surmount challenges related to competition and scarce resources, Jordanian companies should pay attention in equal measure to both financial and non-financial strategies. The findings point to research gaps on more comprehensive approaches to measure performance and the need to adopt research methodologies that consider depth and breadth of data, thus justifying the need for this research.

Another study by Reynolds *et al*. (2019) on South African manufacturing SMEs that aimed at developing a generic BSC model identified financial and customer items as the key measures relied upon by the SMEs to promote their survival and success rates. The findings supported the recommendation by Bawaneh (2019) on the need for further investigation on different metrics of performance. The researcher adopted the recommendation in the new study and went further to extend the items for consideration when investigating firm survival in the healthcare-based SMEs. The most important financial indicators identified by the generic model were sales turnover, cash flow, earnings, cost of obtaining funds, cost savings, and inventory turnover. The current study adopted these items along other items as measures for firm survival.

A study by Chimwani *et al*. (2013) was done to investigate the application of dimensions of BSC in strategic performance measures of selected Kenyan manufacturing companies under the SME category. The study outcome showed that the financial items were the commonest measures applied by the selected SMEs. They evaluated value of sales, state of cash flow, and unit costs of production. These measures are referred to as lag indicators because they evaluate outcomes that are anchored on past actions. The study observed that financial measures have the benefit of short term gains at the expense of sustainable value creation.

These studies confirmed that the financial perspective can be measured in different ways depending on a firm's envisaged objectives. Further, firm performance was seen as an outcome of more than one aspect and therefore challenging the role of each of the items of BSC. Financial items are commonly used approaches to determine performance outcomes, but face challenges especially in the SME sector where business owners are not willing to disclose some of the information (Kihara *et al*., 2016). To address these gaps, the current study incorporated democratic leadership with a view of testing if its application in SMEs can explain the functioning of each of the BSC items in determining firm survival.

Customer Focus

Customer focus relates to the turn-around time, quality of products, performance of products, delivery of services, and cost implication (Kaplan & Norton, 2007). Turnaround time refers to the time taken to respond to customers' complaints. Quality concerns relate to product defects, timeliness of service or product delivery, and the accuracy with which the delivery projections are met. Through the application of BSC in measurement of firm survival, organizations are able to enhance strategy implementation and overcome the limitations associated with a pure financial evaluation mechanism and articulate the processes that result in value creation and benefits that accrue with intangible assets (Quesado *et al*., 2018). Measures that assess the combined effects of performance and service delivery relate to the perceived value created by the product or service to the benefit of the customer. The proponents of the model suggest that effective implementation of customer-related matters requires articulation of the goals to be achieved under the four areas of BSC and then translating the goals into specific approaches to evaluate them. Firms that pay

attention to customer complaints build a large pool of loyal customers which in turn impacts revenues and organizational productivity.

A quantitative study undertaken in the USA by Ahmed and Alsafadi (2021) focusing on the adoption of BSC as an evaluation tool for firm survival and growth identified customer focus as the most important component of the BSC that guarantees firm growth, survival, and competitive advantage. Data was collected from a sample of 100 firms through an online questionnaire. The most important customer measures were on-time delivery, selling price, market share, and customer satisfaction. The argument was that businesses exist to serve customers and not the other way round. All the components of BSC are geared towards producing products and services to satisfy customer needs. The findings contrasted the study by Reynolds *et al*. (2019) in South Africa that indicated SME survival and success rates as determined by both financial and customer perspectives and therefore prompting for more investigations to clarify the claims. The findings were relevant to the current study because healthcare is more about quality of service and less about profits. The findings laid a strong foundation for the current study.

Additionally, Chimwani *et al*. (2013)'s study on the application of BSC model on Kenyan manufacturing SMEs concluded that for better performance outcomes, organizations should pay attention to customer demands and surveys on customer satisfaction should be a routine exercise in the organization as better customer satisfaction states affect business development and improve firm profits. The observation made from the reviewed empirical studies is the importance of customer focus which has not been an area of interest for many SMEs. The current study proposed that if healthcare-based SMEs in Nairobi can pay more attention to customer focus measures, there is a likelihood of achieving better survival rates. Happy

customers remain loyal and refer others to the organization thus influencing the sales revenues and profits.

Internal Business Proficiencies

Internal business proficiencies comprise firm processes that impact the satisfaction of customers. They include factors that influence the turn-around time, quality, the skills possessed by staff members and their productivity (Kaplan & Norton, 2007). The BSC model suggests that organizations should assess and evaluate their key competencies and the most important technologies that give the organization sustained competitive advantage and leadership in the market (Quesado *et al*., 2018). To implement this perspective, organizations need to single out the most critical processes as well as competencies needed for survival and the mechanisms to measure each. This study proposed that the employment of the internal business proficiencies can help democratic leadership to identify processes, types of decisions, and the appropriate actions unique to healthcare-based SMEs and ways of evaluating them to enhance customer performance.

Ta *et al*. (2022) undertook a study in Vietnam to investigate factors that influence the use of BSC in enhancing organization's operational efficiency in listed firms. A mixed research design supported by Structural Equation Modeling was embraced. Structured questionnaires were used for data collection from 274 firms. The factors identified to be critical for application of BSC were firm size, organizational culture, manager's awareness, and human resource capabilities. Firm size had the highest influence on the use of BSC in Vietnamese companies. The argument was that when firm size increases, the operations become complex which interferes with collaboration and coordination between departments which in turn affects the efficiency of operations. The attribute of size enabled the researcher to

compare the effect of firm lifecycle stages as a factor of operational efficiency and survival of healthcare SMEs. The study also benefited from the research design.

A study done in South Africa by Dlamini *et al*. (2020) applied BSC to measure the growth of SMEs in the hotel industry. The adopted research design was explanatory sequential mixed method. The findings were that the emphasis of firm performance as measured by growth factors was more biased towards internal processes and customer service as opposed to learning and financial aspects. The low emphasis on financial matters was attributed to the perception that financial information is confidential and should not be disclosed to employees. Whereas the BSC items were measuring growth, the current study measured firm survival. The findings showed a relationship between the industry in which business is done and the preferred BSC measurement aspects. Operational efficiency items seem to be preferred in service industry and this could be an area of interest in future research.

Chimwani *et al.* (2013)'s related study in Kenya found out that most of the SMEs measure the effectiveness of internal business proficiencies by evaluation of continuous process improvement and in-process quality assessment. This was supported by well laid down business strategies from where performance standards were derived. The lessons learned from these studies were that the employed business strategies should improve the efficiency of the operational processes to meet and exceed current as well as future customer expectations. The observations made can be applied to help Healthcare-based SMEs in Nairobi to identify the most appropriate internal processes necessary for improvement of the turn-around time and the unit cost of the services so that patients can get maximum benefits. Proper monitoring and evaluation mechanisms can be put in place to keep in check the implementation process and alignment to expected outcomes.

Innovation and Learning Perspective

Innovation and learning perspective according to Kaplan and Norton (2007) refers to an organization's capacity to develop an innovation culture, maintain growth and embrace the principles of a learning organization. Khiew *et al*. (2017) acknowledge the role of technology in building innovative organizations and knowledge oriented learning and therefore organizations can benefit from the BSC software where the model is adopted as a measurement tool. Bawaneh (2019) refers the perspective as learning and growth and considers it as the infrastructure developed for sustainable growth and whose foundation is people, procedures, and systems. The model posits that an organization's growth to new markets, enhancement of revenue streams, and increment of profit margins are guaranteed through new product launches, creation of new customer values, and improvement of efficiencies within the organization's operations. The study considered that through an innovation and learning culture, SMEs can foster growth and survive and thus improve shareholder value (Kaplan & Norton, 2007).

An empirical study by Bawaneh (2019) in Jordan related innovation and learning to items such as new equipment to enhance their production processes and employee training for capacity and skill building. A study done in South Africa by Mashavira *et al*. (2022) focused on the role played by performance appraisal practices and competencies of managers as drivers of performance of SMEs. The study used two items of BSC namely; innovation and return of investment (ROI). The findings were that interpersonal competencies were critical determinants of leadership competencies. The conclusions drawn were that the skills and personality characteristics possessed by individuals are important for survival of South African

SMEs. The contextual and conceptual gaps call for further research in other sectors such as the healthcare sector and use of other variables such as democratic leadership.

Asiimwe (2021)'s empirical study investigating democratic leadership and growth of selected Kenyan SMEs concluded that creative and innovative practices should be embraced to promote the performance of SMEs across their growth life cycle. The lessons from the empirical studies highlighted the auxiliary role of innovation and learning that indirectly improves financial strength, customer value, and efficiency of the operational processes. The current study borrowed from lessons learned and endeavored to identify the items that healthcare-based SMEs can adopt to promote a culture of innovation and learning that eventually enhances SME survival.

The foregoing observations and conclusions drawn from the various empirical studies place the BSC model as an important survival evaluation tool that healthcare-based SMEs can adopt for determining critical survival factors. BSC is a multidimensional tool with measures cutting across financial-related matters, customer value addition, improvement of operational efficiencies and adoption of innovative and learning culture. The comprehensive understanding of the business activities and the outcomes, the management processes, and the evaluative roles embedded in BSC can be applied in healthcare-based SMEs to improve their survival. Whereas the different studies tend to put more emphasis on one item of BSC or the other, their interdependence is evident and research on the role of leadership in weaving them together cannot be ignored. The findings point to preference of certain BSC measurement items in certain sectors. This can be an area that future research can focus on.

Summary of Empirical Review

From the reviewed empirical studies, several glaring issues relating to democratic leadership scholarship were evident and needed further investigation. Of priority were the components that make up democratic leadership and the way they interact to cause influence. The emerging direction pointed out by the findings of democratic leadership scholarship is a participatory function whose realization and outcomes differ from one researcher to the other. The reviews propose a myriad of variables that define the construct and a wide range of outcomes when deployed in an organizational context. Of serious concern is the capacity of organizations or their leaders to combine different measurement items of democratic leadership to influence their competitive advantage and enhance their chances of survival.

The suggestions made by some of the studies touched on leadership practices that catalyze the process of development of dynamic capabilities needed to identify resident opportunities and threats in a business environment, offer appropriate solutions, and reshape the organization's basic resources for an effective influence process. Further, there are contextual bottlenecks that needed to be understood and surmounted for the process to be completed. Therefore, more empirical investigations were required to tie together the identified conceptual, contextual, and empirical gaps with real-life expectations and give a clearer direction to a democratic leadership scholarship. It was proposed that a multipronged approach was necessary to develop a model that can explain the relationships between the various variables that define democratic leadership and those that enhance or constrain its enactment. Table 5 presents a summary of some of the reviewed empirical studies in terms of their focus and purpose, conceptualization, methodology, findings, limitations, and the identified gaps and the way the current study sought to address them.

Table 5:Summary of Empirical Studies

Researcher (s)	Purpose and focus of the study	Conceptualization and theoretical base	Methodology	Limitations and emerging gaps	The focus of the current study
Rungi (2015)	- Identification of the suitable capabilities in each of the stages of the lifecycle of companies that specialize in project management in Estonia	-The capability development model by Teece (2007) is best described through sensing, seizing, and reconfiguring functions	-The research employed a mixed-method approach that guaranteed the comprehensiveness of the findings.	-Estonia is a very small European country meaning the data collected may not be generalizable -The research instrument applied a single-item scale which could be a source of bias	-Used a bigger sample size in a more representative population (Nairobi county SMEs) -The research instrument applied a multi-item scale technique
Rahmanseresht & Yavari (2017).	- Understand the association of an organization's lifecycle stages and the styles of leadership that are embraced in Iranian government offices	-Theories of an organization's life cycle that describe structural and behavioral changes that happen along the various stages of organizational growth	-Quantitative research design that embraced a descriptive survey - Research instrument was derived from items of Miller and Friesen lifecycle model.	-A quantitative research design may have missed the in-depth analysis of the leaders' behaviors and characteristics of the ideal work environment. -The study limited itself to three leadership styles	-A mixed method research design was applied to explain the quantitative data in an in-depth manner. - Independent variable is democratic leadership and is described by three dimensions.

Danvila-del-Valle *et al*., (2018)	-The study's purpose was to investigate how firm life cycle is linked to management styles by considering innovation culture and human resource recruitment processes in Mexican service-based companies	-The study was conceptualized around the Adizes model on styles of management. -The practiced style of management is dependent on a combination of the level of innovation and firm stability.	-The study used a mixed-method approach, specifically, an explanatory sequential mixed-method.	-The study was undertaken only in service-oriented Mexican companies thus posing challenges to the generalizability of the results. -the firms investigated had variances in firm characteristics.	-Current study focus was on SMEs in the healthcare sector with related firm characteristics -Current study used Greiner's growth model to identify the stage of the lifecycle
Wachira *et al.* (2018)	-The study purposed to explore the impact of democratic leadership on the performance of Kenya's commercially oriented state corporations	- Contingency theory that posits the effectiveness of a leader is dependent on the ability to balance between task and relationship orientation preferences and the firm situation.	-The study applied a quantitative research method and cross-sectional survey. - Participants were chosen through a stratified sampling technique.	-The study was limited to state corporations whose characteristics may differ from SMEs. -The study did not show the effect of intervening variables	-Current research embraced mixed research methods in healthcare-based SME context. - Moderating and mediating effects were studied
Adebisi & Bakare (2019).	-The study's objective was to investigate the strategies that Nigerian-based SMEs employ to survive and	-The theory of strategic choices posits that firm survival is enhanced when organizations' priorities are on making decisions that are	-The study applied a quantitative research approach that used descriptive design and stratified random sampling	-The study was undertaken in a small town in Nigeria and therefore findings may not be generalizable -Focus was	-Current research was undertaken in SMEs in Nairobi with focus being on the healthcare sector -Dynamic capabilities

	achieve sustainability under a volatile economic climate	strategic for their sustainability.		on how survival strategies impact SME sustainability in different industries	were tested for creating a strategic fit in turbulent contexts.
Alamoudi (2019).	-The purpose of the study was to design a growth framework based on the principles of the Growth Model by Greiner for SMEs in Saudi Arabia	-Greiner's Growth Model posits that firm growth results from solving evolutionary challenges in the various growth stages by the application of revolutionary mechanisms.	-Quantitative research design was embraced -structured questionnaire items used were developed in alignment with the characteristics of the stages of the growth model.	-The objective of the study was to develop a growth model, therefore, inviting new research for testing its applicability.	-The current study used items borrowed from Greiner's model to identify the stage in which the SME is on the lifecycle
Schilleman s& Bjurstroem (2019).	-To investigate the combined effect of the application of tenets of agency and steward theories in the governance of some government institutions in the Netherlands	-The contrasting governance principles of agency theory founded on contracts and consequentia lity and steward theory principles founded on trust and selflessness	-A quantitative research method focusing on a descriptive survey was employed	-The study limited itself to governance functions namely agency selection, preferred delivery mechanism , procedures , monitoring , nature of incentives, and relationshi ps	-The current study paid attention to democratic stewardship grounded on principles of integrity, individual responsibili ty, and transparenc y.
Tawane & Muathe (2019).	-The purpose of the study	-Dynamic capability theory posits	-The research design embraced was	-The study embraced a quantitativ	-The current study

	was to examine how the implementation of strategy impacts SME growth in Garissa County, Kenya	that for firms to achieve a competitive advantage, they must reorganize their capabilities in line with market changes.	exploratory and descriptive and participants were identified via a stratified sampling approach.	e approach and was undertaken in a county whose characteristics are unique and not representative	embraced a mixed-method research design to collect more detailed data. -SMEs in the healthcare sector in Nairobi were used as the study population
Yarow *et al*. 2019).	-To examine if democratic leadership moderated the association of devolved health management and delivery of healthcare services in facilities located in Kenya's arid and semi-arid regions.	-The theories of fiscal decentralization, participation, improvement of performance, and sequential decentralization grounded the study.	-The study embraced a triangulation approach using positivistic and phenomenological research philosophies with data being collected via survey questionnaires, secondary sources, and observations.	-The focus was on the management of healthcare services under the County Governments as influenced by devolution. -The democratic process may be different in the private sector.	-The current study focused on the process of democratization of leadership in private firms, healthcare-affiliated SME -Democratic leadership was the independent variable
Muinga *et al.* (2020)	The focus of the study was digitization of Kenyan public hospitals	-Work climate that encourages involvement of all stakeholders for better policy implementation	The study adopted a mixed method approach and collected data from County Health Records Information Officers	-The variables were not comprehensive -Digitization has not been widely adopted in public institutions	-The range of variables used were extensive and included mediating and moderating -Leadership is universal in all organizatio

					ns and its incorporation added rigor.
Wilson (2020)	-The study was meant to investigate leadership behaviors and ways in which democratic and transformational styles of leadership can be integrated	-Democratic and transformational leadership theories relate effectiveness with key leadership skills such as communication, building relationships, and motivating employees	-The research design was qualitative and data were collected using semi-structured interviews.	-The limitation of the study was the design which was qualitative and used structured interviews -The study does not consider all the components of democratic leadership	-The current study proposed the use of a mixed-method design which allows a bigger sample size -The study used more indicators for democratic leadership
Adam &Alarifi (2021).	-To establish a theoretical framework that can explain the relationship between innovation and performance and survival of Saudi Arabian SMEs.	-The conceptualization of the study was centered on the creation of innovative business practices that increase the chances of firm survival under turbulence.	-A quantitative research approach was used and data were collected through a structured questionnaire shared online and developed via Survey Monkey	-The study limited itself to innovation related to administrative functions leaving out other critical practices that can promote an innovation culture	-The current study paid attention to the three dimensions of democratic leadership and mediating effect of dynamic capabilities in enhancing survival
Asiimwe 2021).	-To establish the nature of the association between democratic leadership and the growth of	-Democratic leadership theory postulates that when a leader provides a challenging but organized	-The study embraced a quantitative method -Sample population was identified through stratified random	-The scope of the study was the top 100 SMEs whose characteristics may vary. -	-The current study focused on healthcare-based SMEs (specific sector) -The

	Kenyan SMEs categorized by KPMG as "top 100".	workplace atmosphere, subordinates are motivated and unleash their full potential toward firm goals.	sampling	Workplace dimension application may be affected by SME lifecycle.	moderating effect of lifecycle stages on SME survival was also introduced
Hilton *et al*. (2021)	-To investigate the role of democratic leadership in influencing the performanc e of Ghana-based organizatio ns	-The theory of leadership styles postulates that leadership is critical for firm performance but the influence process is unclear	-A quantitative research approach was adopted for the study	-Use of a cross-sectional research design and the use of a small sample size that could not allow generalizat ion -The outcome was measured with firm performanc e	-The current study embraced a mixed-method design to make the findings more scientific. -Current study measured outcomes using firm survival items
Johansson & Ärlestig (2022).	-The study purposed to investigate the role of policies in governance in democratic systems in Sweden	-Democratic governance principles such as relationship building, trust, equity, and inclusion influence how leaders perform	-Mixed-method research design was adopted	-The study was conducted in a school setting in Sweden where firm processes may differ from other organizatio nal contexts	-The current study focused on Kenya and SME healthcare sector to determine how democratic governance can be enacted for better firm performanc e
Nedelko & Potocan (2021).	-To investigate how values	-The theory of styles of leadership	-Quantitative research method.	-The context of the study	-This study applied triangulatio

	observed by leaders in Australia and Slovenia impact their democratic behavior and firm sustainability.	considers a leadership style as a set of patterns and behaviors exhibited by leaders which influence their performance	-Research tool was a structured questionnaire that measured the values of the leader, firm setting, and democratic tenets.	was firms in Austria and Slovenia which exhibit different cultural orientations. -Data were collected through self-assessment approaches and with one tool hence the likelihood of bias	n to reduce research bias by use of more than one research instrument -The cultural, economic, and institutional contexts also varied
Salunkhe *et al*.(2023)	-To understand mechanisms that firms can apply to survive through a crisis of global magnitude in the USA and other European nations	-Firm survival in pandemics can be enhanced by transforming the way they engage with their employees, customers as well as resources.	-A qualitative research design was embraced that relied on the triangulation of knowledge from previous studies	-The study resulted in an establishment of a framework that describes the survival of firms in crises, though it was not tested.	-The findings of the current study will be applied to test if democratic leadership can promote survival and compare the outcomes with the model
Páez *et al*. (2022),	-To show how different dimensions of dynamic capabilities can be configured to bring out varying outcomes based on	-Dynamic capabilities theory posits that dynamic capabilities work through upgrading operational capabilities that result in strategy and structural	-A mixed method research design was embraced.	-The study collected data from micro, small, and medium enterprises in Portugal, in a single sector, therefore,	-The current study focused on SMEs in the healthcare sector in Kenya whose findings can be

	the stage of the lifecycle in which the firm is for SMEs in Portugal.	organizational changes thus affecting performance.		creating a gap for investigation in other cultures and industry sectors.	compared with other similar studies.
Martins (2023)	-The study aimed at examining the influence of dynamic capabilities on the performance of SMEs in Ghana during the COVID-19 pandemic	-Dynamic capabilities theory postulates that firms should constantly reconfigure their resources in line with market changes and developments to survive.	-The study adopted a quantitative method and a cross-sectional design.	-The study employed a cross-sectional design that was limited to one town in Ghana hence limiting generalization.	-The current study employed a mixed-method approach and used SMEs in Nairobi whose number is larger and more widely spread.
Mutunga (2022)	- The study purposed to understand how service delivery is influenced by communication in mission hospitals located in Meru, Kenya.	-The backbone of leadership is communication	-A quantitative research design was adopted and data collected from 128 respondents. Data analysis was done with the assistance of SPSS Version 23	-The context of mission hospital was limiting and findings may not be extrapolated to healthcare facilities that are for profit	-The number of healthcare SMEs is large and the context in which they exist is very dynamic hence likelihood of generalizable results.
Musaigwa (2023)	-To investigate change management and leadership in SA organizations with focus on direction	-Models of change management that explain the leader behaviors that organizations can embrace to bring about better	-The research design was qualitative and data was collected from 10 departmental leaders of firms in South Africa using semi-	-The qualitative research design collects data from few respondents -The context	-The current study adopted a mixed method approach to add scientific rigor into the study

	setting behaviors	organizational performance.	structured telephone assisted interviews	was too wide and not sector specific -The leadership style was not specific	-The context was very specific to SME in the healthcare sector -Democratic leadership was the independent variable
Zhao *et al*. (2023)	The intention was to examine barriers to eHealth SME development in UK with focus on adaptive behaviors	-Models that promote SME growth explain adaptive leader behaviors that promote firm survival	The research design was qualitative and data was collected using semi-structured questions. Data analysis embraced a systematic thematic approach.	-The scope of the study was very narrow targeting on eHealth SMEs -Barrier analysis was limiting as an independent variable	-The scope of current study was wider and focused healthcare SMEs in Nairobi with higher population -Variables used are researchable
Soylu & Okvuran (2024).	To investigate the link between skills of communication and democratic attitudes.	Postulations of democracy and theories that support effective communication as a performance tool	The adopted design was quantitative and sample size was 143 participants from 18 cities in Turkey in creative drama	-The participants were drawn from private school and could limit findings in SMEs -There was no indication that the participants had leadership skills	-Current study context was SMEs which considered to be more expensive and participants were leaders hence higher likelihood of research rigor.

Source: Author, 2025

Theoretical Review

This study focused on democratic leadership and the phenomenon that emerges when the construct is deployed in a firm survival context. This section entails a review of relevant theories that explained the conceptualization of the various study constructs and the context under which the study was undertaken. A theoretical review is a summary of the theories that anchor the study from where the researcher draws knowledge to analyze collected data and interpret results (Kivunja, 2018). The review summarizes the theories, models, and concepts from the existing body of knowledge and helps in developing a background for the study under investigation.

Theories are a set of concepts of knowledge with a wide scope intended to expound robust phenomena whereas models are representations of theories with a narrower but more concrete scope of knowledge (Fried, 2020). Models are used with reference to a specific concept in a particular theory and provide a more localized description of a phenomenon under investigation. Theories according to Northouse (2019) give a foundational base for how certain leadership styles are developed and the key attributes that guide their enactment. The key theory that anchored this study was the Democratic Theory. Three other theories namely; Situational Leadership Theory, Stewardship Theory, and Dynamic Capabilities Theory, and two models namely; Greiner's Growth Model complimented Democratic Theory while Balanced Scorecard Model supported firm survival.

Democratic Theory

According to Arenilla (2010) and Dean *et al*. (2019), the development of the Democratic Theory is founded on the contributions of a myriad of classical and neoclassical theorists among them Aristotle, John Locke, Robert Dahl, and Plato. The history of its development is replete with contrasting declarations about how it is

described and over two thousand definitions have been registered (Gagnon, 2018). Democracy can therefore be viewed as having diverse meanings, some of which are contradictory and contribute to a wide range of theories and ideas in the practice of leadership in organizations.

The way democracy has developed in organizations over time is explained by the evolution of the principles of liberty and equality in relation to two theoretical standpoints (Arenilla, 2010). The traditional standpoint advances undifferentiating characteristics, authoritarian tendencies, and particularistic practices, whereas, the contemporary standpoint advances meritocracy, differentiation, functionalism, and equalitarianism. The traditional standpoint advocates for liberty that is characterized by collectiveness based on the law and exercised within authority wielded by the community. In contrast, the proponents of contemporary democracy argue that the practice of democracy should promote the distribution of equality between equals as well as between non-equals (Dean *et al*., 2019).

Dahl (1998) introduced representative democracy, which was considered to be a more accommodative and transformative view of equality among large communities through the promotion of systems and institutions that balance how power is exercised and controlled. Ingrams (2019) described the concept of representative democracy as control and autonomy among members of a group that can be applied to operationalize democratic governance in today's organizations. Further, effective democratic systems of governance require leaders to leverage the excesses of control and autonomy through five processes: (1) equal opportunities for voting, (2) constructive participation, (3) informed understanding, (4) superintendence over the agenda, and (5) inclusivity. The way the different theorists have conceptualized

democracy highlights the different degrees to which equality and liberty are exercised by democratic leaders and which the current study proposed as a research area.

The adoption of the Democratic Theory in this study was grounded on the postulation by Ingham (2022) that democracy is critical for the realization of social equality where all members of a society relate with each other as equals and not as occupants of different social classes in the societal hierarchy. Whereas representative democracy rests the authority and responsibility to make decisions in the hands of a few selected leaders (Dahl, 1998; Ingrams, 2019), this study was of the view that democratic leadership should allow equal opportunities for all to make decisions. To further refine the direction of the study, thoughts of Harber (1997) that considered democracy in contemporary organizations as a voice of reason that has a compromising tone, embraces the willingness to accept new ideas, exhibits fairness, cooperation, negotiation, self-control, moderation, and is accommodative were also incorporated. The study adopted these tenets to ground democratic leader behaviors (Kihara *et al*., 2016; Northouse, 2019) and democratic workplaces (Asiimwe, 2021; Wilson, 2020).

The study also borrowed from democratic principles of ideal democratic practices according to Arenilla (2010) that include liberal-decision making, taking care of the interests of everyone, embracing equality among team members, exercising power and sovereignty, promoting representative, participatory and legitimate systems as well as freedom of choice. The principles resonate with views of Dean *et al*. (2019) on the conclusion drawn from reviewing democratic theories that democracy is an equalizing concept that advances justice, keeps rules, protects rights, raises the quality of life, makes peace, redistributes responsibilities, and is responsive.

These attributes were borrowed to operationalize the dimension of democratic stewardship (Raelin, 2012; Safari *et al*., 2018).

This study appreciated the evolution of the Democratic Theory and the challenges faced when conceptualizing and operationalizing democratic leadership. It proposed to advance the Democratic Theory and highlight the common concepts in the different approaches in which the theory has been perceived. The concept of democracy has been associated with political systems and not with other types of organizations. The study was of the view that by establishing the manner in which democratic leadership dimensions of democratic leader behaviors, democratic workplaces, and democratic stewardship integrate to enhance survival of healthcare-based SMEs can be a basis for extending democratic leadership practice in other organizations especially those that exist for profit.

The study further proposed that the principles of the Democratic Theory can be combined with those of the Situational Leadership and Stewardship Theories to explain the operationalization of the three dimensions and how they integrate to influence survival of healthcare-based SMEs. The notion that adoption of principles of the Democratic Theory in a leadership process presents followers with opportunity and freedom to participate in decisions and activities of the organization acts as a motivator for them to be engaged and more productive. Democratic leader behaviors founded on the principles of good stewardship drive the process of creating democratic workplaces which in turn influence followers to achieve the desired organizational goals.

Situational Leadership Theory

Northouse (2019) asserts that the theory on which the situational leadership approach is founded is based on the initial works by Hersey and Blanchard which also

borrowed from theoretical principles espoused by Reddin's 3-D style of management. According to Thompson and Glasø (2015), the original situational leadership theory (SLT) has since its inception undergone several phases of cosmetic as well as substantive evolution (Blanchard *et al*.,1993; Blanchard *et al*., 2013). From reviewed literature, the three models that are associated with SLT are SLI, SLII, and SLIII (Thompson & Vecchio, 2009). The preferred model that expounds the SLT principles is SLII (Northouse, 2019) and was adopted in this study to explain the functioning of democratic leader behaviors and workplaces.

Blanchard and other colleagues designed the Situational Leadership Models to demonstrate how SLT functions based on the characteristics of two key dimensions namely; the style of leadership and the extent of development by the followers (Northouse, 2019). The models describe four types of leadership behaviors that arise from combining either low or high supportive behaviors with low or high directive behaviors (Salehzadeh *et al*., 2015). Behaviors that are directive provide the direction to be followed, design goals to be achieved, set timelines, state ways of evaluating such goals, design roles, and lay strategies for the achievement of the envisaged goals (Vopalecký & Durda, 2017).

Behaviors that are supportive, on the other hand, comfort the members of the group, connect them with their coworkers and with the situation, and enhance the social as well as the emotional networks (Asiimwe, 2021). Directive behaviors involve a unidirectional mode of communication, are task-oriented, and include demonstrating, task distribution, commanding, and monitoring. Supportive behaviors involve a two-way mode of communication and include active listening, problem-solving, providing and accepting feedback, and praising others (Hersey & Blanchard, 1982 as cited in Salehzadeh *et al*., 2015).

From the arguments by the proponents of SLT, effective leadership is guaranteed when the leader has the capabilities to adapt their leadership style to the prevailing environmental and contextual demands (Thompson & Glasø, 2015). This demands the alignment of the embraced leadership style with the level of followers' competence as well as commitment. According to the theory, effective leadership is pegged on a leader's capabilities to diagnose follower demands and configure their leadership style to offer solutions to those needs. The employment of the situational style of leadership and the associated influence can only be instituted when the leader has effectively assessed the employees' readiness to engage in the assigned task (Northouse, 2019).

The study found the application of SLT in organizations to enhance firm effectiveness as a very fundamental concept that can be embraced to implement democratic leadership in healthcare-based SMEs to improve their survival. Wachira *et al.* (2018) assert that democratic leadership is an ideal leadership approach in turbulent contexts and the probable explanation is in the style's flexible and adaptive nature that allows the combination of different attributes of democratic leader behaviors, democratic workplaces and democratic stewardship to different extents to bring varied outcomes. SLT posits that the leader's adaptability and flexibility are important considerations for successful leadership (Thompson & Glasø, 2015) and thus can be applied in democratic leadership.

According to the postulations of proponents of SLT, democratic leadership enables the integration of both directive and supportive behaviors to give rise to the three dimensions of democratic leadership (Chingwena & Scheepers, 2022; Larsson *et al*., 2023). Further, the components of democratic leader behavior, democratic workplaces, and democratic stewardship can be applied at different times based on the

situation to give outcomes necessary for survival of healthcare-based SMEs in Nairobi. The volatile nature of today's business environment calls for leadership practices that are dynamic and which resonate with the market demands.

Stewardship Theory

According to Hernandez (2008), the Stewardship Theory highlights a set of values, attitudes, actions, and behaviors that are exhibited by individuals of a group with a central focus on serving the long-term good of the group as opposed to serving individual goals centered on self-interest. The principles on which it is premised contrast those of the Agency Theory because the theory does not acknowledge the economic assumptions associated with managers of being selfish, opportunistic, individualistic and always are only after self-benefits (Dumay *et al*., 2019). The theory posits that managers are influenced by pro-organizational, collectivistic and trust motivations and not self-gains. The concept of stewardship exists in contexts where employees working for an organization show integrity, are trustworthy, and are responsible enough that they take personal responsibility for the effects of organizational outcomes on the welfare of stakeholders (Cossin *et al*., 2015; Fenton, 2012).

Stewardship Theory postulates that personal responsibility and accountability are critical attributes that ensure individuals perform the assigned tasks with diligence (Hutter *et al*., 2017; Vopalecký & Durda, 2017). Employees are expected to execute their responsibilities to realize communal well-being by balancing between meeting external and internal stakeholder expectations and the wider commitment to the norms of society and those universally applicable. The desire to be accountable restrains individuals from irresponsible behaviors that derail goal achievement (Yauri-Miranda, 2019). Hosmer (2007) strengthens the postulations of the Stewardship Theory by

asserting that the role of managers in organizations is to optimize the creation of wealth for the benefit of society as well as for all the stakeholders.

Stewardship is a management principle founded on structures established within the organization to promote leadership practices that enhance both interpersonal as well as institutional trust (Hernandez, 2008). The structures help the leader to have clarity about the strategies that enable the organization to realize its goals and also stimulate followers' intrinsic motivation to become more engaged and committed to the organization through which the organizational goals are realized (Caldwell, 2011). Torfing and Bentzen (2020) argue that governance structures founded on the Stewardship Theory stimulate intrinsic and social motivations and empower employees to tap into their inner resources and ideas for higher productivity. To meet societal norms, stewardship leadership embraces ethical principles that address the welfare, development, and completeness of the stakeholders (Hosmer, 2007).

The Stewardship Theory is underpinned in principles of ethical leadership and inculcates values of trust, morality, and integrity which are geared towards optimizing the creation of wealth by establishing relationships that maximize the role of stakeholder ownership as well as their commitment (Fenton, 2012; Hernandez, 2008). Cossin *et al*. (2015) front certain fundamental values that are embraced by steward leaders to promote key behaviors rooted in trust. They include; (1) compassion, which refers to empathy that prioritizes the interests of others, (2) equity, which promotes participation, (3) prudence, which focuses on protecting the future through optimization of present opportunities, (4) accountability, which relates to being responsible for the systemic impact of one's behaviors, and (5) care, which relates to acting on behalf of others.

This study proposed that democratic leadership in healthcare-based SMEs cannot be effectively implemented without infusing the principles of the Stewardship Theory in its practice. The way democratic leadership was operationalized in this study depicted democratic leadership as a style that gives excess freedom to employees of an organization and therefore subject to abuse. The ethical principles of the Stewardship Theory are considered to be central to the implementation of democratic leadership practices because they allow individuals to inculcate integrity in their behaviors, take full responsibility of the assigned duties, and remain accountable to the organization and the stakeholders at large (Besigye *et al*., 2019; Habib *et al*., 2020; Zajac *et al*., 2021). It was assumed that when healthcare-based SMEs infuse the principles of democratic stewardship in their operations, individual productivity improves, SME performance is better, and the chance of their survival is enhanced.

Dynamic Capabilities Theory

The school of thought of dynamic capabilities in organizations according to Barney (1991) is rooted in the Resource-Based View (RBV). The assumption underlying this theory is that a firm's resources are responsible for its long-term competitive advantage and therefore are the key determining factors of firm performance and therefore survival. The proponents of the theory argue that the inimitable and irreplaceable firm attributes engender a firm's competitive advantage and higher-ranking performance.

While drawing from the tenets of RBV, Coleman *et al*. (2013) argue that firms constitute a heterogeneous set of both tangible as well as intangible resources and the role of the leader is to develop, amass and gather together the resources with a view of achieving a competitive advantage. Teece *et al*. (1997) introduced the concept behind

the Dynamic Capabilities Theory and Eisenhardt and Martin (2000) extended the works further to encompass strategic habits and repetitive processes that help firms to achieve new configurations in resources in response to changes, developments, and the expiration of markets.

Teece (2014) tried to deconstruct the concept of Dynamic Capabilities Theory by advancing the seminal work on the construct that compared a firm's ordinary capabilities to dynamic capabilities. Ordinary capabilities constitute the firm's administrative capacities that are responsible for daily operations and play the role of governing the firm's technical requirements (Ajgaonkar *et al*., 2021). Dynamic capabilities on the other hand refer to a firm's higher-order capacities orchestrated to give a superior performance of the firm's resources that in turn results in competitive advantage amid turbulent external contexts.

Based on the views of Teece *et al*. (1997), the dynamic capabilities perspective considers the critical source of a firm's competitive advantage as the sustained development, focused alignment, and strategic reconfiguration of resources that are specific to the firm. North *et al*. (2020) state that the theoretical underpinning of a firm's growth wheel is premised on Teece's (2007) trilogy of the development of dynamic capabilities. The trilogy according to Martins (2023) categorizes dynamic capabilities into three classes: (1) sensing capabilities, (2) seizing capabilities, and (3) configuring capabilities (Teece, 2007, 2012, 2014). North and Varvakis (2016) describe the three categories as the capacity to sense and identify available opportunities and threats, the capacity to seize such opportunities, and the capacity to maintain a competitive edge by enhancement, consolidation, protection, and reconfiguration of the firm's intangible as well as tangible resources.

This study suggested that the concept of the trilogy of dynamic capabilities is an important construct that can be integrated with democratic leadership to enhance the performance and survival of healthcare-based SMEs. The study was of the view that in a stable environment, leaders of healthcare-based SMEs exert minimal effort to achieve results. Under uncertain business environments such as those which threaten their survival, the leader is expected to exert extra effort to keep the firm on its growth trajectory to survive. This is achieved through the use of strategies that identify the SME's internal and external resources and seize the opportunity to optimize their use or configure them to superior products and services for firm survival. Dynamic Capabilities Theory in this study was used to explain how democratic leadership develops the three dynamic capabilities of sensing, seizing, and configuring capabilities.

Greiner's Model of Organizational Growth

This model was mooted by Greiner (1972) and identifies several phases of development encountered by organizations as they grow. Organizations in different phases of their growth experience different characteristics, risks, and opportunities (Rahmanseresht & Yavari, 2017). According to Greiner (1998), the start of each phase is characterized by a period of evolution during which the organization experiences continuous growth and a stable environment. The phase ends when the organization starts to experience a revolution occasioned by turmoil and sudden changes in the environment (Lu & Wang, 2018). The emphasis that is laid by the model is the leader's role in each stage of the revolutionary phase to translate the risks faced by the organization into opportunities for growth (Carnes *et al*., 2017).

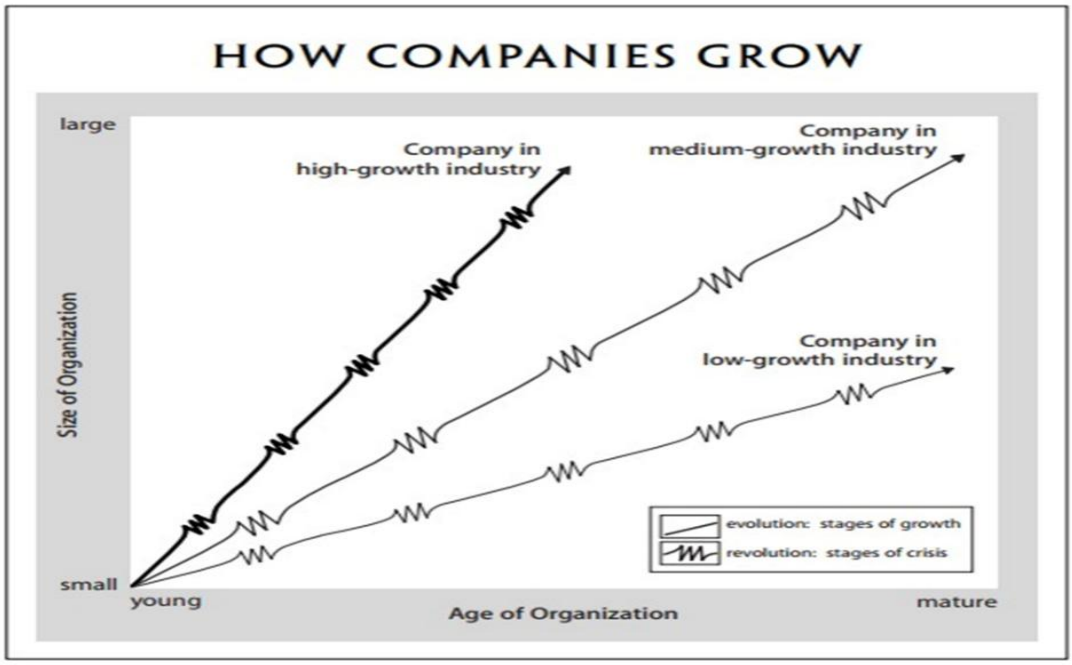
Greiner (1998) reviewed empirical studies related to the development of organizations and identified five key dimensions that shed light on the understanding

of organizational growth and lifecycle. The dimensions include the age of the organization, its size, the evolutionary and revolutionary phases, and the industry growth rate. The organization's age relates to the organization's lifespan and this affects operational practices, leaders' attitudes, and employee behaviors which change over time or become entrenched in the organization's culture (Kristanti *et al*., 2019). The organization's growth in size means expansion in the size of the market share in terms of sales volumes and in the number of employees which is accompanied by a parallel increment in the challenges associated with coordination, collaboration, and communication (Daft *et al*., 2020).

The phases of evolution are characterized by continuous and smooth growth with minimal economic challenges or internal operational difficulties (Saha *et al*., 2021). On the other hand, the revolutionary phases are characterized by turbulence that unsettles the management practices. Saha *et al*. (2021) opine that the evolutionary phase is a growth period whereas the revolutionary phase is a period of challenges and management crisis. The organization's ability to resolve the challenges faced during the revolutionary period dictates whether it will advance to the next growth phase of evolution or stagnate and perhaps collapse (Greiner, 1998).

The growth rate of the industry to which the organization belongs affects the evolutionary and revolutionary stages (Martani *et al*., 2021). For instance, evolution may lead to the redesigning of organizational structures to accommodate a positive surge in the workforce. With a conducive economic climate, the evolutionary periods can be prolonged to an extent that they cause delays in revolutions. Revolutionary phases on the other hand can be prolonged and become difficult to surmount when their organization's economic climate is poor and unfriendly. Figure 1 represents the way the five dimensions affect firm growth.

Figure 1:How Companies Grow



Source: Greiner (1972)

Based on the five dimensions mentioned above, Greiner (1972) postulated a five-phased growth model with each phase consisting of an evolutionary period followed by a revolutionary period (Lu & Wang, 2018). During the evolution period, the management approach that the organization embraces is that which promotes growth. The revolutionary phase is faced with management-related challenges that need to be surmounted before the previous growth trajectory realized during evolution can be put on track. The five phases are related, with each phase resulting from the previous one and being the foundation for the subsequent one. Greiner (1998) names the five phases as creativity, direction, delegation, coordination, and collaboration.

The first phase of creativity is also described as the entrepreneurial stage and concerns the birth of the enterprise (Daft *et al*., 2020). Management decisions are made and executed by the founder and the focus at this stage is on the product or service creation and survival of the enterprise. The growth that ensues with the increase in the number of employees and revenues leads to a leadership crisis that

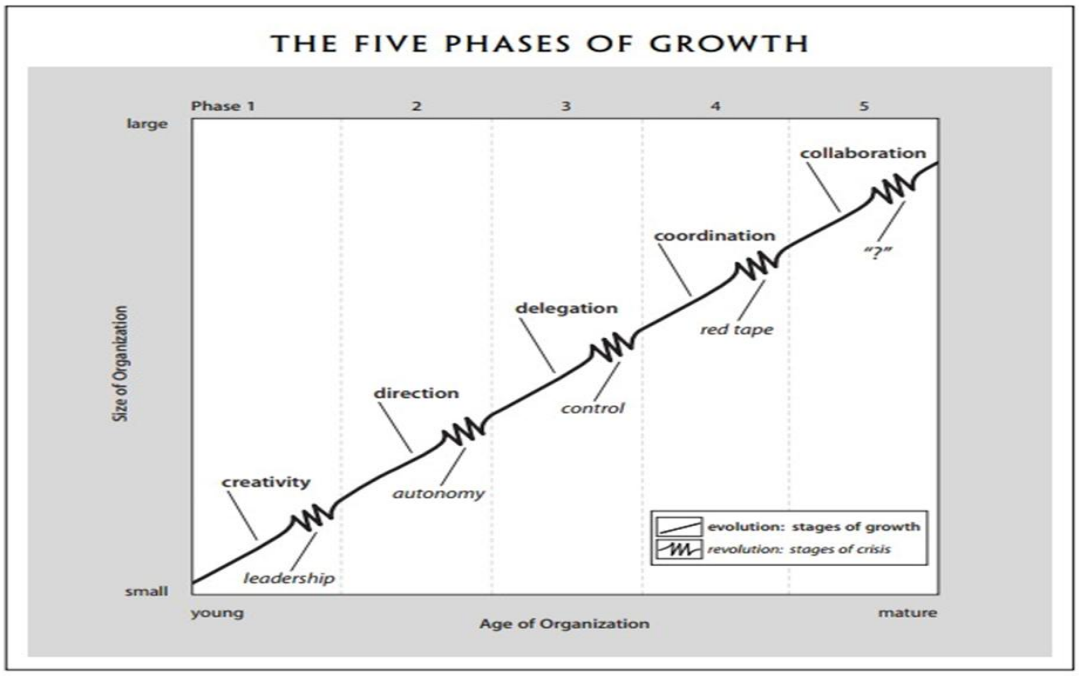
becomes the first revolution which is addressed by bringing in more experienced managers who would hold the team together and keep the growth trajectory (Illés *et al*., 2015).

The new managers move the organization to the second stage, the direction phase, and keeps the enterprise growing through directive and centralized leadership by establishing functional structures (Daft *et al*., 2020). With time, the employees feel constrained and disenchanted with the new manager's style of leadership and their actions result in the second revolution, the autonomy crisis. To address the crisis, delegation is embraced resulting in the third phase which is majorly concerned with the decentralization of responsibilities (Lu & Wang 2018).

The third phase called delegation motivates the workforce leading to exponential growth which necessitates the creation of autonomous departments (Alamoudi, 2019). The perceived loss of control by the top executive team results in a third revolution namely the crisis of control. To overcome this crisis, the senior executives embrace coordination as a technique to create formal structures through which the organization's activities are initiated and administered. The employees lose confidence in the top management team whom they consider to be watchdogs snooping over every activity taken by middle-level managers.

The resultant fourth revolution described as the red-tape crisis is thought to be caused by excessive bureaucratic processes within the organization (Greiner, 1998). The solution to this crisis is addressed through collaboration which becomes the fifth evolutionary phase and emphasizes the use of teams which skillfully confront the differences between individuals to address the bureaucratic challenges (Illés *et al*., 2015). The focus is to enhance flexibility and self-control as a means of managing team members. Figure 2 represents the five phases of the model.

Figure 2:The Five Phases of Greiner's Growth Model



Source: Greiner (1972)

Suggestions by Kumar (2016) link the Greiner's Growth Model with the current study by stating that the structural and contextual characteristics of each of the stages presents signs that can help an entrepreneur to understand where their enterprise is in the growth cycle, the kind of corrective actions needed, and the appropriate leadership style necessary to maintain the growth trajectory. The study considers the ability to transition across the various stages of firm lifecycle as the most serious challenge faced my SMEs.

Balanced Scorecard Model

The BSC model was developed in 1992 by Robert Kaplan and David Norton as a framework for enhancing managerial insights and has since been adopted in modern organizations as a critical tool for strategic planning and implementation as well as business management (Silalahi, 2023; Tawse & Tabesh, 2022). Its development was motivated by the increasing complexity of business climate in 1980s and 1990s, a time when traditional financial measures on their own were found

to be inadequate to assess organizational performance and long-term survival (Madsen, 2025). The BSC model according to Tawse andTabesh (2022) was designed to address a dynamic competitive landscape that found intangible assets and non-financial metrics increasingly critical for investors when making key decisions. Additionally, the model was structured in a manner that allowed managers to have a better control and deeper and timely understanding of performance of organizations.

The school of thought behind BSC was that its adoption in organizations made it possible to weave together traditional financial components with performance benchmarks in three critical non-financial areas namely: a firm's relationship with its clients, its internal operations, and its practices on learning and development (Kaplan & Norton, 2007). The model puts together a number of factors of effectiveness into one framework that balances the traditional financial aspects with operational attributes that determine a firm's success (Daft, 2014). To apply the model, four processes have been suggested to be central in establishing a link between the short-term tasks with long-term goals: operationalizing a firm's vision, effective articulation of the strategy and linking each individual's productivity to the overall strategy, business planning to bring out the performance measures (Key Performance Indicators[KPIs]) and targets to measure progress, and feedback related to services and products and learning related to the critical internal business operations.

The overarching principle of the BSC is in its ability to allow managers to evaluate the performance of their organizations from several perspectives so that they can gain deeper insights into the organization's total effectiveness (Daft, 2014). Silalahi (2023) observes that the balanced scorecard is a multi-dimensional managerial tool that can be adopted in contemporary organizations to evaluate their performance and effectiveness from four perspectives as proposed by Robert Kaplan

and David Norton. The perspectives are: firm's financial strength, customer service focus, internal business operations, and potential for learning and growth.

According to Madsen, (2025), the financial perspective focuses on traditional metrics necessary for financial stability that include profitability, shareholder value, and cost efficiency. The customer perspective is more about aligning the activities of the business with the expectations of the customers to achieve superior performance. It lays emphasis on attributes that enhance customer retention and satisfaction. The internal business operations assess the extent to which the business processes are efficient and effective and help to single out opportunities needed for improvement of processes with a view to enhance value and quality delivery. Lastly, the learning and growth dimension highlights the centrality of developing employees and infusing an innovative culture and knowledge management into the organization with the understanding that a workforce that is highly skilled and motivated is important for a firm's superior performance. Some organizations have gone beyond the four BSC perspectives to include employee issues such as health, safety, and environment to better align their business practices with the strategic priorities and stakeholder demands.

Extant research shows that the multiple perspectives of BSC are applicable in diverse business sectors and can measure different performance attributes (Ahmad *et al*., 2020; Dudic *et al*., 2020; Quesado *et al*., 2018). Particularly the framework was adopted in the current study to conceptualize and operationalize the construct of firm survival as a measure of performance in healthcare enterprises. Madsen (2025) observes that KPIs of each of the perspectives are pivotal to the operationalization of the BSC model and allow leaders to measure progress for each of the perspectives. Further, the indicators help leaders to translate abstract objectives into measurable

metrics. According to Silalahi (2023), understanding the indicators makes the BSC framework more flexible and adoptive in dynamic contexts and when there are changes in an organization's strategic plans. Leaders in organizations have the role of monitoring the contribution of each of the perspectives towards realization of the strategic goals through effective selection of the relevant KPIs. Madsen's (2025) study on implementation of BSC presented a Table 6 giving a summary of the four perspectives of BSC with some examples of the commonly used KPIs that the current study modified to operationalize survival of healthcare-based SMEs in Nairobi.

Table 6: Four Standard BSC Perspectives with KPIs

Perspective	Focus	Examples of KPIs
Financial	Profitability, cost efficiency, and shareholder value	Return on investment (ROI), revenue growth, and net profit margin
Customer	Customer satisfaction, retention, and market share	Customer retention rates, net promoter score (NPS), and market share percentage
Internal Processes	Operational efficiency and effectiveness	Cycle time reduction, defect rates, and process innovation metrics
Learning and Growth	Employee development, innovation, and knowledge management	Employee training hours, innovation rate, and employee satisfaction index

Source: Madsen (2025)

In conclusion, the theoretical review was able to front the theories that the conceptualization of the study was based on. Table 7 gives a summary of the theories and models that anchored this study.

Table 7:Summary of Theories and Models Anchoring the Study

Theory/Model	Postulates	Contribution to the current study	Supported variable(s)
Democratic Theory Arenilla (2010), Dahl (1998), and Dean *et al*. (2019)	-Founded on how the principles of liberty and equality have evolved -Ancient democracy means working collectively within the confines of law and authority. - Contemporary	The study balances the different postulates and borrows democratic principles of autonomy and control through the promotion of systems that balance how power is exercised and controlled to ground the tenets of democratic leader behaviors, and democratic	Democratic Leader Behaviors (IV) Democratic Workplaces (IV)

	democracy promotes the distribution of equality between equals and non-equals -Representative democracy is a compromise, willingness to accept new ideas, fairness, cooperation, negotiation, self-control, moderation, being accommodative, and responsive	workplaces, and democratic stewardship	Democratic Stewardship (IV)
Situational Leadership Theory Blanchard *et al*.,1993; 2013; Northouse, 2019; Thompson & Glasø, 2015;Thompson & Vecchio, 2009)	- effective leadership is flexible and characterized by adaptive leader behaviors and practices to the prevailing environmental - It calls for the alignment of the embraced leadership style with the level of followers' competence and commitment.	-A firm's dynamic capabilities impact the three dimensions of democratic leadership to configure their different indicators depending on the stage of the SME lifecycle to overcome the prevailing challenges and survive.	Democratic Leader Behaviors (IV) Democratic Workplaces (IV)
Stewardship Theory (Hernandez, 2008; Hosmer, 2007)	-The theory highlights attitudes, actions, and behaviors that result in the long-term good for all firm's stakeholders. -They include integrity, personal responsibility, openness, transparency, relationships, trust, morals, values, and ethics.	-The tenets of the theory promote integrity, individual responsibility, and accountability and support democratic stewardship	Democratic Stewardship (IV)
Dynamic capabilities Theory (Barney, 1991; Eisenhardt & Martin, 2000; North & Varvakis, 2016; Teece, 2012, 2014; Teece *et al*., 1997).	-Theory identifies three categories of dynamic capabilities: capability to sense and identify available opportunities and threats, capability to seize the opportunities, and capability to maintain a competitive edge by enhancement, consolidation, protection, and reconfiguration of the firm's intangible and tangible resources.	-The theory illuminates the role of dynamic capabilities of sensing, seizing and configuring as the interface that enhances a leader's application of democratic leadership to overcome challenges faced during the lifecycle stages to survive.	Dynamic capabilities (Mediating Variable)

Greiner Growth Model Greiner (1972, 1998).	-Organizations in different phases of their growth experience different contextual and structural changes -the model explains the signs that depict where the enterprise is in the growth phases and the kind of corrective actions needed to maintain the growth.	-Model explains the understanding of growth stages and expected leadership styles of each stage. -It also brings out the survival as an attribute of transition across the stages.	Firm Lifecycle Stages (Moderating variable)
Balanced Scorecard Model (Kaplan & Norton, 2007; Silalahi, 2023; Tawse & Tabesh, 2022).	A framework for enhancing managerial insights and a critical tool for strategic planning and implementation to realize a firm's strategic goals.	It explains the four perspectives of performance: financial strength, customer focus, internal business operations, and learning and growth and respective KPIs that measure the impact of the perspectives.	Firm Survival (Dependent Variable).

Source: Author (2025)

Summary of Literature Review and Knowledge Gaps

Despite democratic leadership being among the most recognized leadership styles globally, the state of research on the construct in Kenya and other developing countries remains inadequate. The conceptualization and definition of democratic leadership is unclear and there is no one specific theory that adequately supports its application. Whereas Democratic Theory seems to be the main theory anchoring the construct, a majority of the reviewed empirical studies on democratic leadership anchor their concepts on leadership theories and not on Democratic Theory (Le *et al*., 2021; Martins, 2023; Soylu & Okvuran, 2024; Wilson, 2020). Only one study mentions Democratic Theory (Asiimwe, 2021), but does not identify its proponents and the postulations. Additionally, the Democratic Theory has been described as amorphous, has over two thousand definitions, and is still under evolution (Gagnon, 2018). Thus, there is a need to carry out more investigations that can test the appropriateness of democratic theory in democratic leadership.

The reviewed literature gave a poor score on the overall state of research on democratic leadership, dynamic capabilities, lifecycle stages, and firm survival pointing to a wide range of research gaps that require more interrogation. A majority of the studies focused on a comparative analysis of different leadership styles and the performance of organizations and not on democratic leadership as an independent variable (Ahmed *et al*., 2018; Pietronudo *et al*., 2022; Zhao *et al*., 2023). Those which investigated firm survival did not relate it with democratic leadership (Nguyen *et al*., 2022; Salunkhe *et al*., 2023).

The Dynamic Capabilities Theory depicts the three categories of dynamic capabilities as the catalysts that enhance the transformation process but lack sufficient empirical data to back the proposition that relates democratic leadership and firm survival (Acosta-Prado & Tafur-Mendoza, 2024; Páez *et al*., 2022; Mureithi *et al*., 2021). Similarly, there were no studies paying attention to firm lifecycle stages and their impact on the relationship of democratic leadership and firm survival (Illés *et al*., 2015; Mallinguh *et al*., 2020). The conceptual review indicated that dynamic capabilities are influenced by environmental context but empirical investigations have not focused on this direction (Lopez-Cabrales *et al*., 2017). From the reviewed theories and the empirical studies, new research on the role of dynamic capabilities and lifecycle stages was inevitable for democratic leadership scholarship and thus illuminating their centrality in the current investigation.

Contextual gaps were also evident with the most prevalent being those relating to the economic status of the county under which the studies were undertaken. Majority of the studies were in developed countries such as USA, UK, China, and other Asian nations and therefore posing challenges of generalizing the findings. Other contextual gaps related to the sector and location of the research, with a

majority of studies focusing on large organizations such as public hospitals and not SMEs (Carolyn *et al*., 2021; Muinga *et al*., 2020; Mwihia *et al*., 2018). Additionally, research on survival of healthcare-based SMEs in Nairobi County, Kenya was shown to be scanty. The contextual gaps make the generalizations of the previous studies difficult and therefore necessitating the replication in other contexts.

Methodological gaps were also evident with most of the studies embracing cross-sectional research designs that are either quantitative or qualitative with deficiencies in the sample size or selection procedures (Abor & Kwame, 2022; Mutunga, 2022; Sangeda *et al*., 2020). It was with this understanding that the current study sought to answer the research deficiencies by embracing a mixed method research design whose target population was owners and senior managers of healthcare based-SMEs distributed in Nairobi County. The section below presents a conceptual framework that represents the objectives that the study intended to meet.

Conceptual Framework

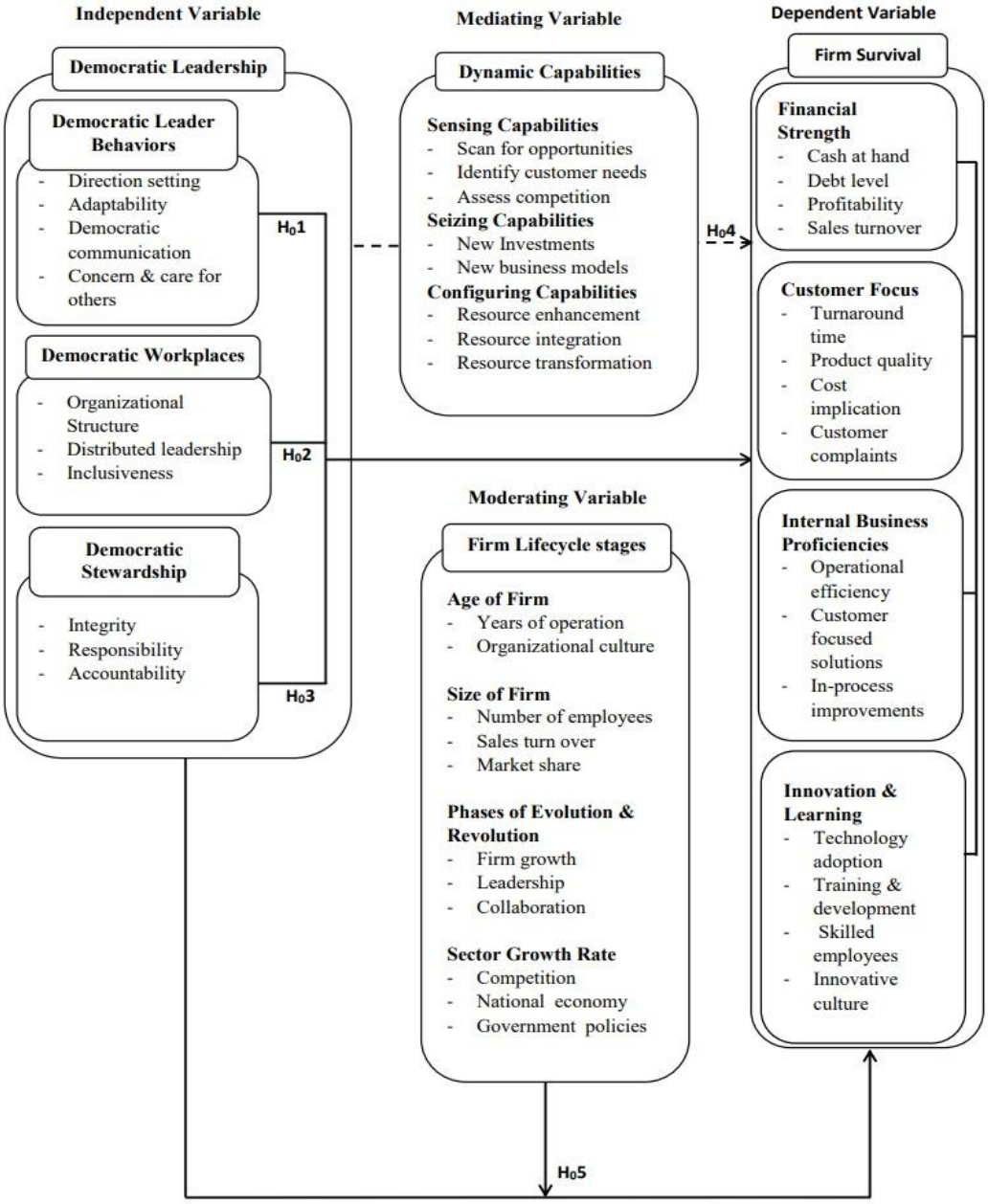
A conceptual framework is a representation showing the nature of the relationship between the key concepts that build a study (Adom *et al*., 2018). It is a structure, logically presented to provide a visual display of the ideas that anchor the study and their relationship with each other. A study's conceptual framework simplifies the process of specifying and defining the major concepts that describe the problem under investigation (Luse *et al*., 2012). The relationship of the various concepts in the framework is represented by arrows.

This study intended to investigate the relationship between democratic leadership and survival of SMEs. The independent variable (IV) was democratic leadership which was conceptualized into three dimensions namely democratic leader behaviors, democratic workplaces and democratic stewardship. The dependent

variable (DV) was firm survival which was measured using the four items of BSC model namely financial strength, customer focus, internal business proficiencies and innovation and learning.

The mediating variable was dynamic capabilities whose operational indicators were sensing capabilities, seizing capabilities and configuring capabilities. Stages of the firm lifecycle was the moderating variable and its operational indicators were the age of the firm, size of the firm, phases of evolution and revolution, and industry sector growth rate. From the reviewed conceptual, empirical and theoretical literature and the identified knowledge gaps, a conceptual framework was proposed that explains how dynamic capabilities and stages of firm lifecycle mediate and moderate respectively the relationship between democratic leadership and firm survival. Figure 3 demonstrates these relationships.

Figure 3:Conceptual Framework Linking Democratic Leadership, Dynamic Capabilities, Firm Lifecycle Stages, and Firm Survival.



Source: Author (2025)

Research Hypotheses

Based on the reviewed literature, the observed knowledge gaps, the identified features of the SME sector under investigation, and the proposed conceptual framework showing the relationships of democratic leadership, dynamic capabilities,

firm lifecycle stages, and firm survival, the study proposed to test the following null hypotheses.

$H_0$1: There is no significant effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya.

$H_0$2: There is no significant effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya

$H_0$3: There is no significant effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya

$H_0$4: There is no significant mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.

$H_0$5: There is no significant moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.

Summary of the Chapter

The chapter brings out the reviewed literature on the various constructs under discussion. The dimensions of democratic leadership are described and the emerging issues identified. The empirical studies that support the variables are presented and the knowledge gaps identified. The chapter presents the theories that anchored the various constructs. A summary of reviewed literature is presented and a brief description of how the research gaps that were addressed by the current study were synthesized. The chapter ends with a conceptual framework that shows the relationship of the various variables and indicators.

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

Research methodology is a systematic approach that the researcher develops to answer research questions and test hypotheses (Terrell, 2016). The research methodology chapter outlines the propositions, techniques, procedures, and processes undertaken to carry out the study. The chapter details the research design that the researcher adopted, the population that was studied, and the methodological techniques that were applied to establish the appropriate sample size and sample subjects. The chapter also describes ways of developing data collection instruments, validity and reliability testing of such instruments, data collection procedures, study ethical considerations, data processing and analysis, and interpretation of the findings to answer the research questions.

Research Philosophy

Research philosophy also referred to as the researcher's worldview or paradigm is a set of assumptions that the researcher considers important in shaping the process and determining the direction that the study takes (Creswell & Clark, 2018; Terrell, 2016). Creswell (2013) defines research philosophy as the assumptions and beliefs that guide a researcher in the process of developing new knowledge in a certain area of focus. It is a constitution of beliefs held by the researcher about the nature of the study, how it should be carried out, and how the findings are interpreted (Bryman, 2016). The philosophy explains how the researcher defines the truth and reality and also the means through which the truth or reality is known. Saunders *et al*. (2019) observe that the methodology that the researcher employs is determined by the philosophical assumptions of the nature of knowledge being sought and how it is

developed which gives rise to ontological, epistemological, and axiological perspectives.

Ontological perspectives relate to the realities encountered in the research process (Saunders *et al*., 2019). Epistemological perspectives relate to the knowledge possessed by human beings, what they consider as acceptable, legitimate, and valid knowledge, and how they communicate it to others. Epistemology according to Terrell (2016) is about the role of the researchers in the research process and what they consider as acceptable knowledge that could be real objects or feelings expressed by individuals. Axiological perspectives relate to the degree and approach to which the researcher's values and ethics affect the research process.

The common categories of philosophies include positivism, constructivism (critical realism), interpretivism, transformative (postmodernism), and pragmatism (Creswell, 2013; Saunders *et al*., 2019). Positivism, sometimes referred to as post-positivism relates to a deterministic worldview of natural sciences that considers social reality generated from observations which lead to law-like generalizations. Positivists adhere to an objective route that advocates for knowledge acquisition through the use of a quantitative approach to gather data which are objectively verifiable (Creswell & Clark, 2018). Constructivism, also referred to as critical realism by some theorists explains the way individuals try to understand their world by developing meanings that are subjective and directed toward specific things or objects. It expounds on what individuals see and experience in relation to the prevailing reality that directs the observable events and supports a range of research methods (Creswell, 2013). Constructivism assumes knowledge is actively constructed through a social process that involves interaction of human beings with the real world (Dawadi *et al*., 2021).

Interpretivism pays attention to qualitative methods and postulates that human beings differ from physical phenomena because of their capabilities to develop meanings (Saunders *et al*., 2019). Individuals with differences in cultural orientation make different interpretations of an event based on the circumstances and time thus experiencing differences in social realities. Interpretivists appreciate the subjective role of social phenomenon in research and employ tools such as participant observations, focus groups, and observations to gather data (Dawadi *et al*., 2021). Transformative worldview is also called postmodernism by some authors and relates to marginalized individuals, language, discrimination, matters dealing with power, and social justice (Creswell, 2013). The worldview highlights events that address daily social happenings, empowerment, oppression, alienation, and suppression.

Pragmatism on the other hand does not commit to any specific philosophical stance but supports mixed-method research (Dawadi *et al*., 2021). Pragmatists are of the view that the relevance of concepts is important where the action is supported (Creswell, 2013). Pragmatism is multidimensional and derives from actions, contexts, and consequences and not from antecedent factors as is the case with post-positivism. Creswell and Clark (2018) consider a pragmatic worldview as more concerned with the consequences that arise from the research in relation to the questions under investigation as opposed to the method. Pragmatists embrace multiple data collection procedures and focus on "what works" and "real-world practice".

The current study adopted a pragmatic worldview and a mixed-method research approach. The approach allowed the researcher to respond to the research question in a variety of ways and from several fronts. Dawadi *et al*. (2021) contend that pragmatism brings to an end the paradigm wars by disregarding the divide between quantitative and qualitative principles, incorporating principles of several

worldviews, and focusing on whether the research adequately answers the researcher's questions. This study borrowed arguments by Elgeddawy and Abouraia (2024) that a pragmatic worldview offers researchers an opportunity to collect both subjective qualitative data and objective quantitative data by mixing research methods in order to have a deeper understanding and possible solutions to the phenomenon under investigation. The adoption of the philosophy in the study is corroborated by arguments of Dawadi *et al*. (2021) that pragmatism allows researchers to use both subjective and objective approaches to answering research questions. Thus, the adoption of the philosophy allowed the researcher to gather and integrate both quantitative and qualitative data based on the participants' views and life experiences to better understand the challenges associated with survival of healthcare-based SMEs in Nairobi and possible solutions. The pragmatic philosophy which was embraced in this study calls for subjective and objective approaches to answering research questions (Dawadi *et al*., 2021).

The choice of pragmatism as the preferred study philosophy facilitated empirical examination and testing of hypotheses to explain the relationships between the study variables and the consequences thereof in an SME context. Further, it gave the researcher the latitude to choose methods to adopt, techniques to apply, and procedures to follow in handling the opinions from the research participants to provide a nuanced and in-depth exploration of the intricate phenomena of SME survival when democratic leadership, dynamic capabilities, and firm lifecycle stages are embraced. Notably, the perspectives that this study adopted to explain the pragmatic stance were a relativist ontology that allowed the researcher to focus on the richness of human experience and diversity of realities and pragmatic epistemology

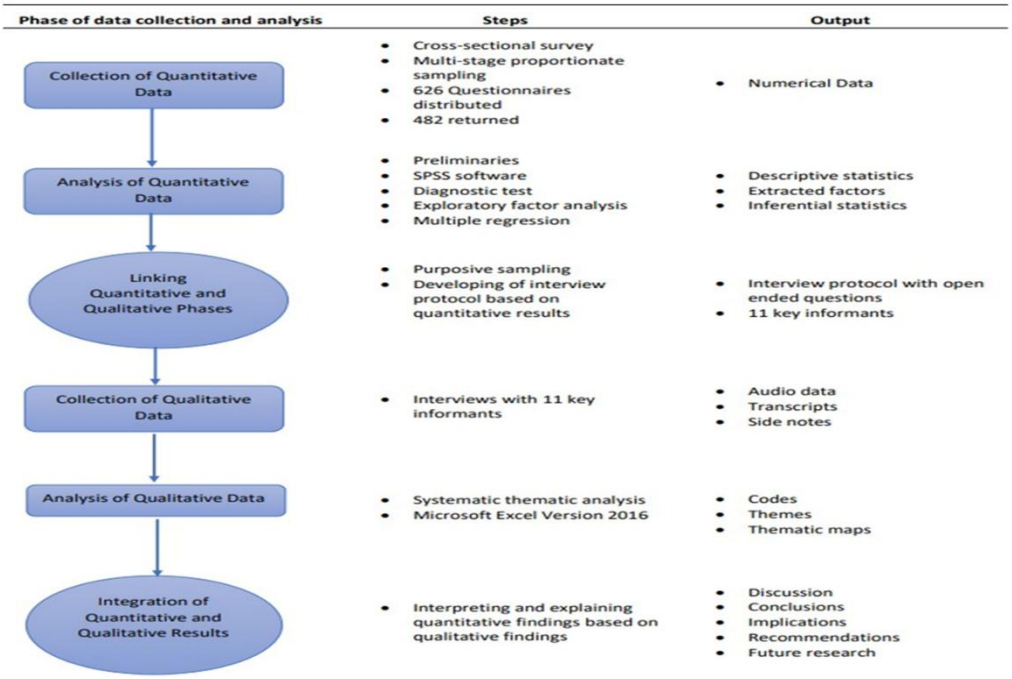
that advocates for a mixed method design and acknowledges that knowledge is very dynamic and dependent on context (Pretorius, 2024).

Research Design

Bryman (2016) defines a research design as a structure that a researcher uses to collect and analyze data. It is the glue holding together the components of the research process and focuses on the research objectives, purposes, plans, and researcher's intentions within the practical confines of time, finances, location and, availability (Asenahabi, 2019). In a mixed-method research design, the common alternatives are a convergent parallel mixed-method, explanatory sequential mixed-method, and exploratory sequential mixed-method (Creswell & Creswell, 2018). This is based on the priority the investigator gives between the features of the qualitative design and those of the quantitative design.

The current study adopted an explanatory sequential mixed-method research design to investigate the impact of democratic leadership on the survival of healthcare-affiliated SMEs in Nairobi County, Kenya. The design is also described as a "follow-up explanation approach" and is structured in a manner that gives more weightage to the quantitative data from where the qualitative step is derived and whose findings explain the quantitative results (Kashive & Raina, 2024). Each of the phases is analyzed differently after which the findings are integrated (Acquah,*.et al* 2021; Orlowski, 2022). The design is presented in Figure 4.

Figure 4:Explanatory Sequential Mixed Method Design



Source: Author, 2025

The suitability of the design was justified because a mixed-method approach has the benefit of gathering richer data than when either quantitative research or qualitative research is singularly embraced. (Creswell & Creswell, 2018). Creswell (2013) avers that one database can be used to explain the other or even enable the development of research instruments that would respond to a wider range of research questions and therefore it is richer in data collected. Better research outcomes can be realized when a set of results is triangulated with another because of the enhancement of inference validity (Molina-Azorín, 2016). Further, the principle of complementarity advanced through pragmatism extends the breadth and depth of the study.

The design is useful when the researcher knows the variables to measure, when the access of sites is guaranteed and when the researcher is carrying out the investigation alone (Creswell, 2013). It gives more latitude to break down the process into two manageable phases (Dawadi *et al*.,2021). By starting with a quantitative phase meant the researcher had knowledge of existing theories that formed the

foundation for the design. The researcher was aware of the independent and dependent variables under investigation and he single-handedly undertook the research process.

The quantitative phase involved collection of data based on the viewpoints of the founders or CEOs and various departmental leaders on democratic leadership, firm survival, dynamic capabilities, and firm lifecycle stages. Data collection was done through structured questionnaire measured on a 5-Likert scale and data analyzed through descriptive and inferential statistics. The qualitative phase involved interviews based on subjective persuasions of purposely selected SME founders or CEOs as the key informants. An interview protocol with open ended questions was used as the research instrument and data collected were analyzed through a thematic approach.

Target Population

Kabir (2016) defines study population as the total number of items from which data will be collected and the sampling frame established. Mugenda and Mugenda (2019) consider population as the total set of people, objects or cases possessing some characteristics that are common and observable. The target population is more specific and possesses a unique attribute that is of interest and relevance to the study (Asiamah *et al*., 2017). It is the population from which a researcher draws data to generalize the study findings (Mugenda & Mugenda, 2019).

In this study, the general population was the total number of private health facilities located in Nairobi County, Kenya, and licensed by KMPDC. The target population was the total number of privately owned licensed health facilities that qualify to be SMEs in Nairobi County, Kenya. The study relied on criteria by Micro, Small, and Medium enterprises (MSMEs) policy embedded in the Micro and Small

Enterprise Act of 2012 to identify the private health facilities falling under the SME category. According to the Act, MSMEs are classified by either the number of staff members, annual turnover, or by the enterprise's total financial investment (ROK, 2025). Based on this, micro enterprises are considered to be those employing less than ten individuals and with an annual turnover of Kshs 500,000. Small enterprises are those with 10-49 employees and an annual turnover of above Kshs 500,000 but below Kshs 5 million. Those with annual sales turnover above Kshs 5 million but below Kshs 100 million and employing over 50 but below 250 individuals are considered as medium enterprises.

From reviewed reports of 2022, there are 1444 licensed private healthcare facilities in Nairobi County (KMPDC, 2022). They are categorized based on their size into several levels depending on the services that they offer, number of employees, and the bed capacities. The levels include level 1, level 2, level 3A, level 3B, level, 4, Level 5, level 6A, and level 6B. An initial mini-survey from a sample size of fifteen health facilities purposively selected from the different levels showed that most of the facilities between levels 2 and 5 have above ten employees but below 250 employees which means they fall under the SME category. Those in level 6 were found to employ more than 250 employees and had huge turnovers and therefore the researcher did not categorize them as SMEs but as large enterprises. Obilor (2023) asserts that purposive sampling enables the researcher to select subjects that satisfy the study objectives by clarifying the criteria or rationale for inclusion such as staff numbers and sales turnover. Based on this initial findings, total population under consideration was 1444 healthcare facilities whereas target population was 1438 licensed facilities under the SME category (levels 2-5) as shown in Table 8. The six health facilities falling under level 6 were excluded due to size.

Table 8:Researcher's Categorization of the Private Health Facilities in Nairobi City County

Level of Private Health Facility	Category Based on Size		Total
	Small & Medium Enterprises	Large enterprises	
Level 2	712	-	712
Level 3A	411	-	411
Level 3B	191	-	191
Level 4	108	-	108
Level 5	16	-	16
Level 6A	-	0	0
Level 6B	-	6	6
Total	**1438**	**6**	**1444**

Source: Author, 2025.

Healthcare-based SMEs are of interest to the researcher because of their central role in advancing Kenya government's UHC, a key component of the social pillar of Vision 2030 (Muturi & Mungai, 2020). The private healthcare sector to which SMEs belong controls 43 percent of healthcare service delivery in Kenya and their role in uplifting citizen's living standards cannot be overemphasized (Dinda *et al*., 2016). The choice of Nairobi County over the other counties of Nairobi Metropolis was necessitated by the high number of healthcare-based SMEs, better infrastructure, a larger population with diverse cultural backgrounds, and being the headquarter of key national offices (Cruz & Hernandez, 2022; Mwaniki & Ondiek, 2018). These factors coupled with a more dynamic startup ecosystem and better survival rates of Nairobi-based SMEs increased the chances of carrying out a study with more scientific rigor to give generalizable findings.

Sampling Design

Sampling design consists of the processes of identifying and selecting representative sample from the target population and the statistical techniques that are

employed to estimate the sample size (Kabir, 2016). The appropriateness of a sample size is in its ability to represent the key features of the target population (Mugenda & Mugenda, 2019). Additionally, the time available and the resources at the disposal of the researcher have a bearing on the size of the sample that can be used. Kothari (2004) observes that when the size of the sample is too small, study objectives may not be realized and when too large, cost implications may arise. Further, a representative sample should meet a level confidence of 95% and an error margin of 5% (Bryman, 2016; Kothari, 2004). Bryman (2016) opines that sampling is complex and there is no straight answer to getting the right sample size.

Sample Size Selection

In the quantitative phase, a multistage proportionate sampling technique was used to obtain participants. Multistage sampling embraces two or more steps of sample selection depending on the hierarchical arrangements of naturally occurring clusters in the population (Sedgwick, 2015). The study adopted the technique due to its applicability in contexts where the population is widely spread as is the case with the healthcare-based SMEs (Chauvet, 2015). The initial step involved identification of the representative sample size for the units of analysis, in this case the licensed healthcare-based SMEs. Slovin's formula (Yarow *et al*., 2019) was applied in this step.

$$n = \frac{N}{1+N(e)^2}$$

In the formula,

n represents sample size,

N represents the size of the healthcare-based SME population (1438),

1 is a constant,

e represents the sample error level of significance.

The Slovin's formula adopts a range of between 95-99 percent of confidence level which infers a margin of error of 0.05-0.01. The confidence level of 95 percent and a margin of error of 0.05 that the current study used justified its suitability. Confidence level according to Yarow *et al*. (2019), determines the margin of error. The application of the formula, as shown below, gave a sample size of 313 healthcare-based SMEs, which were then purposively selected.

$n=1438/ [1+1438(0.05)^2]$

$n=1438/ [1+3.595]$

$n=1438/4.595$

$n=312.95$

$n\approx313$ healthcare-based SMEs

The units of observation (respondents) in this case the founder, CEO or head of administration and one departmental leader heading a key department in the SMEs' management teams were also purposively chosen as respondents to the questionnaire. Thus, the unit of observation was 626 (313*2) respondents. Chepkorir and Yambo (2019) opine that purposive sampling targets group of individuals with reliable data and unique attributes. The researcher was of the view that these leaders had a better understanding of the leadership practices and the struggles that the healthcare-based SMEs face in their growth journey and therefore could give a more accurate representation of the organization's perception of democratic leadership and survival.

The third step aimed to determine how the respondents would be distributed and a proportionate stratified sampling technique was recommended. Because two respondents were used per sampled SME, the KMPDC's classification of SME sizes

based on the different levels was employed to identify the different strata. A similar technique was used in a study by Asiimwe (2021) and was found useful. Kenyan SMEs are classified according to the number of employees (ROK, 2025), and therefore the categorization based on levels that differ in the services offered and the number of employed staff were considered ideal for the stratification. According to Greiner (1972) Growth Model, the organizational structure and context change with the firm size and therefore the researcher was of the view that the attributes exercised by leaders in the different strata helped to appreciate the different leadership approaches and challenges faced by healthcare-based SMEs depending on firm size. The sample size in each stratum was chosen based on the proportion of the total population in each stratum using Taherdoost (2016)'s formula.

$N_0=F.sN_0$

Where N_0 is the stratum sample size

F is the sample fraction in relation to the total sample size

sN_0 is the stratum population

Table 9 summarizes the sample size of the units of analysis and units of observation.

Table 9:Summary of the Target Population of Healthcare-based SME Units

Stratum	Level 2	Level 3A	Level 3B	Level 4	Level 5	Total
Number of SMEs (Target Population)	712	411	191	108	16	1438
Proportion of SME sample size	155	89	42	24	3	313
Proportion of respondent sample per stratum (SME sample *2)	310	178	84	48	6	626
Proportion percentage of sample size	49.5%	28.4%	13.4%	7.7%	1%	100%

Source: Author (2025)

The second phase of the study embraced a qualitative research approach and judgment sampling was used to identify the key informants from the targeted SMEs. According to Sekaran and Bougie (2016), judgment sampling is a purposive sampling

approach where the researcher intentionally identifies respondents whom he presumes are best placed to offer very critical information. In support, Terrell (2016) notes that purposive sampling is recommended where the researcher requires a different view of a certain subject or where the opinion of a specialist is critical to the investigation.

Despite the focus of qualitative research design in academia, the ideal sample size for such designs remains ambiguous. While Creswell (2013) recommends 4-5 cases to be sufficient for qualitative data, Mugenda and Mugenda (2019) recommend 1-10 cases depending on the quality and depth of the required information and the researcher's judgement and degree of experience. To guarantee scientific rigor, the study targeted twelve healthcare-based SME founders but managed to interview eleven. They were chosen based on the location, the SME size, and the perceived stage of growth in which the SME was at. This was in line with a study by McAdam *et al*. (2014) that adopted a similar sample size.

Types of Sources of Data

The two common sources of data are primary sources and secondary sources (Bryman, 2016; Sekaran & Bougie, 2016). Primary sources of data refer to those which are considered original for the study in question (Sekaran & Bougie, 2016). Such data sources are more reliable because they represent actual information directly gathered from individuals with first-hand experience of the situation or event (Sharma, 2022). Further they are collected by the researcher through direct communication or observations. For this study, the primary data were collected using structured questionnaires and interview protocols with open ended questions on respondents' perspectives relating to democratic leadership, dynamic capability, lifecycle stages, and firm survival. Secondary data on the other hand are those which the investigator does not need to collect because they already exist (Sekaran &

Bougie, 2016). Such data are not original and are likely to have undergone statistical analysis (Mazhar *et al*., 2021). In the current case, a majority of this information was sourced from peer-reviewed journals on democratic leadership and SME survival, and government and industry papers touching on SMEs and healthcare sectors and extensively discussed in the first chapter of the study (Githinji & Gilbert, 2022; KBA, 2021; KMPDCU, 2022; Mwaniki *et al*., 2022; ROK, 2020; 2022).

Data Collection Methods

Data collection means the process by which information relating to the study is gathered with the ultimate goal of providing answers to the research questions (Kumar, 2011). Mugenda and Mugenda (2019) describe data collection method as a set of processes that apply research tools to gather valid measurements. The process is dictated by the research design that the study adopts (Creswell & Creswell, 2018). The data collection method therefore depends on whether the research design adopts a qualitative or a quantitative or mixed method research design. In the current study, an explanatory sequential mixed-method design was embraced which meant both quantitative data and qualitative data were collected.

According to Rafique *et al*. (2024), in explanatory sequential mixed-method research designs, quantitative data collection precedes qualitative data collection. In addition, on collection of the quantitative data, they are analyzed to identify any emerging trends and gaps that become the basis for designing the type and nature of qualitative data to be collected (Orlowski, 2022). The research design ties together quantitative findings with qualitative data collection procedure thus clarifying any confusion or contradictions that quantitative responses may pose (Páez *et al*., 2022).

Quantitative Data Collection Procedures

In the quantitative phase, the researcher used a quantitative survey questionnaire that had structured questions touching on the demographic characteristics of the respondents, democratic leadership, dynamic capabilities, firm lifecycle stages, and firm survival. A structured questionnaire according to Mazhar *et al*. (2021) is a research tool with a set of questions that are already predetermined to which participants respond. Mugenda and Mugenda (2019) note that many social science researchers prefer questionnaires because they directly translate research objectives into research questions. Additionally, they help to collect and analyze large amounts of data within a short period of time and have the potential to collect data from respondents who are widespread and who cannot be easily accessed. The researcher took advantage of this phase to collect extensive data from 313 healthcare-based SMEs spread in different areas of Nairobi City County.

The researcher started by first contacting the selected sites on phone and expressing interest to collect data that would address some social issues affecting healthcare-based SMEs. For those who accepted, an email followed with attachments of the ethical approvals from PAC University Review Board and from National Commission for Science, Technology, and Innovation (NACOSTI) as well as statements of consent to voluntarily participate in the research. The email stated what the study was about and what was expected of the participants. Based on the preferences of the participants upon further engagements, the questionnaires were distributed either by hand delivery or through an internet assisted online-link. The researcher and the assistants followed up the prospective participants for a period of up to four months to ensure a good number of responses were obtained. At the end of

the data collection period, the questionnaires were reviewed for completeness and analyzed to pave way for qualitative data collection.

Qualitative Data Collection Procedures

In an explanatory sequential mixed method, quantitative findings dictate the sampling technique and questions that will be asked to the participants of the qualitative phase of the research process. Creswell (2013) identifies several ways in which qualitative data can be collected: qualitative observations, qualitative interviews, qualitative documents, qualitative audio, and visual materials. An interview is a discourse aimed at gathering information through discussions between two individuals (interviewer and interviewee) or between an individual and a group of individuals (Mazhar *et al*., 2021). It may be guided by an interview protocol with structured questions that are predetermined and to which the researcher strictly adheres to or unstructured questions that do not adhere to a rigid structure (Shoozan & Mohamad, 2024).

In this study, the researcher collected qualitative data through interview protocols with unstructured questions that were developed from the gaps that emerged during analysis of quantitative data. As previously mentioned, the study initially targeted business owners/CEOs from twelve healthcare-based SME but managed to interview only eleven. The selection procedure adopted a purposive sampling approach based on specific trends and patterns observed with the quantitative data. The selection method also considered the number of years the healthcare facility had been in existence and the extent to which the CEO was seen to possess enough experience to explain the observed gaps during the quantitative phase. This corroborated argument by Obilor (2023) on its application in obtaining detailed information about a particular phenomenon.

The researcher went ahead to engage the sampled key informants and explain his intention to interview them with a view of clarifying some issues that were observed in the first phase. Through the agreed schedules, the researcher was able to interview eleven of them within two months. Some of the interviews were done through zoom engagements, while others were through in-person interactions. In all the cases, consent to engage in research were signed and the interview discussions recorded and transcribed. Along the discussions, short notes were taken on a notepad. To guarantee methodological rigor and ensure the process was comprehensive, systematic, and captured views of the key informants, data saturation procedures were observed. Data saturation in qualitative research is the point at which continued data collection no longer provides the researcher with any other new information, codes, themes, or trends and is critical for guaranteeing credible and complete research findings (Ahmed, 2025).

While in-person engagements have the advantage of observing body language and behaviors displayed by participants, they have the disadvantage of cost and challenges of dealing with participants who are in distant or inaccessible locations (Bryman, 2016). Zoom and other internet-supported data collection procedures are known to save time and cost and reach participants who may not be possible to engage physically because of distance or other reasons. Archibald *et al*. (2019) note that digitization of research processes brings along convenience and can replicate, improve, or even compliment conventional data collection procedures. The study took advantage of this to enhance the data collection procedures. Each interview lasted between one to two hours which was in alignment with other previous studies (McAdam *et al*., 2014).

Research Instruments

Research instruments are the tools that a researcher employs to collect information from participants, items, events, or other secondary sources (Creswell, 2013). According to Oben (2021), a research instrument is a structure that is scientifically and systematically designed to gather, measure, and then analyze data that is aligned with the interests of a specific research. The structure of research instruments varies depending on the research design and nature of variables under investigation (Mugenda & Mugenda, 2019). There are a number of approaches that researchers can employ to collect data among them; structured questionnaires, interview protocols, aptitude tests, scales, experiments, and focused group discussions (Oben, 2021). The current study adopted only two types of instruments, a structured questionnaire for collection of quantitative data and an interview protocol for collection of qualitative data.

According to Creswell and Clark (2018), structured questionnaires are ideal for quantitative research because they help to collect numeric data from a large population and condense it in a way that it can be analyzed. Questionnaires tend to be cheaper when compared with other research tools, can collect huge data in a short time, and are devoid of subjective biases from the interviewer (Mugenda & Mugenda, 2019). It is important to note that a researcher can adopt or improve instruments that have been previously used in other studies, or develop new ones based on what is being studied (Terrell, 2016). While developing the instruments, the researcher will be required to take into account the variables that are in the study. The quantitative phase used a structured research questionnaire developed by improving items on tools from previous researchers.

The quantitative questionnaire was divided into five sections. The first section focused on participants' demographic information and firm characteristics. The second section contained items related to the three dimensions of democratic leadership. Some of the items were borrowed and modified from Leadership Behavior Questionnaire (Northouse, 2019), and tools used by other researchers (Safari *et al*., 2018; Wachira *et al*., 2018; Wilson, 2020). The third section focused on questions related to dynamic capabilities and borrowed the structure of questions from two researchers (Páez *et al*., 2022; Kump *et al*., 2019). The fourth section paid attention to lifecycle stages and used questions from research by Danvila-del-Valle *et al*. (2018) which was centered on Greiner's Growth Model. The fifth section contained questions about firm survival and structured based on research by Ahmad *et al*. (2020) that relied on the BSC model.

All the items on the questionnaire were measured against a Likert scale of 1-5 ranging from strongly agree to strongly disagree (see Appendix I). According to Mugenda and Mugenda (2019), a Likert scale is a common response format used to assess respondent's attitudes, behaviors, perceptions, and values and is applied to rate intangible and subjective elements of a study by use of arbitrary figures. Leadership according to Northouse (2019) is a perception of how others view the leader and therefore use of Likert scale was an ideal approach for the current study on democratic leadership. Table 10 gives a summary of how the variables were operationalized and measured.The qualitative phase used interview protocols guided by unstructured questions. Unstructured questions according to Bryman (2016) help to collect in-depth data necessary for offering conclusive responses to research questions. Additionally, they allow the respondent freedom to respond and express issues in their own words and according to their own opinions (Mugenda & Mugenda,

2019). This benefit was harnessed in the current study to generate in-depth responses that shed more light on some of the challenges that healthcare-based SMEs face in applying democratic leadership and its impact on firm survival.

Table 10:Operationalization and Measurement of Variables

Main Construct	Type of Variable	Operational Variable	Operationalization	Indicators	Supporting literature	Measurement Criteria
Democratic Leadership	Independent	Democratic leader behaviors	The manner in which the leader influences followers to meet organizational goals and promote SME survival	-Direction setting - Adaptability - Democratic communication - Consideration & care for others	- Northouse (2019) -Safari *et al*. (2018) - Wachira *et al*. (2018) - Wilson (2020).	-Section B (Q1-Q10) -5-point Likert Scale -Ordinal
		Democratic workplaces	The work structures and leadership practices that create conducive work climates, empower employees, and promote an innovative culture.	- Organizational structure - Distributed leadership - Inclusiveness		-Section B (Q11-Q28) -5-point Likert Scale -Ordinal
		Democratic Stewardship	Refers to the attitudes, values, and behaviors that promote strong relationships between the employees	-Integrity - Responsibility - Accountability		-Section B (Q29-Q40) -5-point Likert Scale -Ordinal

			and the organization ’s activities			
Dynamic capabilities	Mediating	Sensing capabilities	The manner in which the democratic leaders diagnose opportunities and threats affecting SME survival.	-scan for opportunities -identify customer needs -assess competition	-Páez *et al*. (2022) -Kump *et al*. (2019).	-Section C (Q1-Q12) -5-point Likert Scale -Ordinal
		Seizing capabilities	The approach in which democratic leadership deals with the identified opportunities and threats to enhance firm survival	-new investments -new business models		-Section C (Q13-Q24) -5-point Likert Scale -Ordinal
		Configuration capabilities	The way democratic leadership enhances effective resource management and asset transformation to attain a strategic fit in a dynamic environment	-resource enhancement -Resource integration -Resource transformation		-Section C (Q25-Q35) -5-point Likert Scale -Ordinal
Firm lifecycle stages	Moderating	Age of firm	The manner in which the age of the firm influences leadership attitudes, employee behaviors and operational practices	-operational practices -leader’s attitudes -employee behaviours	Danvila-del-Valle *et al*. (2018); Greiner (1998)	-Section C (Q6) -Interval

		Size of firm	It describes the different ways in which the size of the firm affects its performance	-number of product and service -Number of employees -range of customers		-Section D (Q13 & 15) -5-point Likert Scale -Ordinal -Ratio
		Phases of evolution and revolution	Phases describe the firm's structural and contextual characteristics that maintain or constrain growth trajectory thus affecting firm survival	-growth factors -growth challenges -leadership styles		Section D (Q1,8,10,11,12&14) -5-point Likert Scale -Ordinal
						Section D (Q2-Q5, Q7& 12) -5-point Likert Scale _-Ordinal
		Sector growth rate	The state of the business climate influences the phases of evolution and revolution of the firm's growth cycle	-Competition -National economy -government regulations		-Section D (Q15-16) -5-point Likert Scale -Ordinal
Firm survival	Dependent	Financial strength	The financial attributes that enable implementation and execution of the aligned strategies to improve SME's bottom line.	-Cash at hand -Profitability -market share	-Ahmad *et al*. (2020) -Kaplan & Norton, (2007)	Section E (Q1-Q5) -5-point Likert Scale -Ratio -Ordinal
		Customer focus	The manner in which the SME operations	-customer retention -customer satisfactio		Section E (Q6-Q10) -5-point Likert Scale

			influence the perceived value created by the product or service to the benefit of the customer	n -customer complaints		-Ordinal
		Internal business proficiencies	The approaches that influence the SMEs' internal processes to promote customer satisfaction	-operational efficiency -customer focused solutions -in-process improvements		Section E (Q11-Q14) -5-point Likert Scale -Ordinal
		Innovation and learning	The mechanisms that promote an SME's innovative and learning culture to foster growth and survival	-Technology adoption -Training & Development -innovative culture		Section E (Q15-Q18) -5-point Likert Scale -Ordinal

Source: Survey data, 2025

Instrument Pre-testing and Pilot Testing

Prior to the final rollout of the data collection process, the researcher carried out pretests on the different research instruments to gauge their validity and reliability. This was necessary to ensure the meaning derived from the survey questions reflected the objectives of the study. Pre-tests are preliminary measurement processes that use smaller population samples and form part of the final stage in the research instrument development process (Mugenda & Mugenda, 2019). They identify problematic areas such as ambiguous statement and obscure terminologies, minimize errors in measurement and burden by the respondents, and evaluate if research questions are understood and answered correctly (Creswell & Creswell, 2018; Terrell, 2016). Thus, they dictate the extent to which the survey tool is reliable and valid in social science research.

Pilot test is the specific pretest procedure or “dress rehearsal” that evaluates the functioning of a particular research tool such as a structured questionnaire or interview protocol. It is a mini-survey or a feasibility study done to ascertain the functioning of research instruments prior to launching of the final research process. It tries out a certain research tool and assess if the final research process is practical under the available resources that include costs and time (Muasya & Mulwa, 2023). It confirms if the research process is feasible and whether it is unique which in turn has a consequence to the degree of quality and effectiveness of the final research (Anupama *et al*., 2024).

The researcher pretested the tools through a pilot study undertaken from twelve SME founders conveniently selected from counties neighboring Nairobi and who did not take part in the final data collection. Convenience sampling is a sample selection procedure that is applied to select samples from a population that is in close proximity or readily available to the researcher (Obilor, 2023). The founders were issued with questionnaires and requested to respond. The feedback obtained from the respondents and input of the supervisors was used to structure the final questionnaire. The section following gives an overview of the reliability and validity of the research instruments from the pretesting process.

Validity and Reliability Tests for the Instruments

Researches are undertaken with a view of obtaining information which is relevant in a manner that is reliable and valid (Taherdoost, 2016). Bryman (2016) underscores the need for research instruments to be valid and reliable so that they can measure what is intended to be measured, can be used in other contexts, or other researchers can apply them. In an explanatory sequential mixed-method research design, there are two different types of instruments and therefore the researcher should describe how the validity and reliability of each of the instruments will be determined (Terrell, 2016). For this study, the reliability and validity of the quantitative instruments was first determined through a pilot test that involved participants drawn from twelve SMEs in line with Terrell's (2016) recommendations.

A study by Yarow *et al*. (2019) found at least ten healthcare workers sufficient for pilot testing thus justifying the choice.

Reliability of the Quantitative Research Instruments. Reliability is seen as the instrument's ability to provide measurement of the intended phenomenon (Kothari, 2004). Mugenda and Mugenda (2019) consider reliability as the extent to which data collected using a specific instrument remains consistently the same when repeatedly done. Taherdoost (2016) observes that reliability is about the degree to which when a phenomenon is measured, it is able to provide findings which are consistent and stable. Olmsted (2024) views reliability as the research tool's ability to provide same findings when repeated time and again. Thus, reliability is a measure of repeatability and consistency.

Reliability of research instruments is measured by use of Cronbach Alpha coefficient (α) (Saunders *et al*., 2019). Kumar (2011) states that for quantitative instruments borrowed from other sources, the researcher should state the scores of Cronbach Alpha coefficient obtained with the same instrument in those studies. Where the instrument is developed by the researcher, then a pre-test is done to improve the quality of research findings (Mugenda & Mugenda, 2019). In this study, the questionnaire was developed by the researcher and Table 11 gives the reliability statistics for the pilot test of the research instrument.

Table 11:Summary of Reliability Statistics for the Pilot Test

Variable	**Type of Variable**	**Cronbach alpha**	**No of items**	**Recommendation**
Democratic leader behavior	Independent	.947	16	Excellent
Democratic Workplaces	Independent	.898	12	Good
Democratic Stewardship	Independent	.851	9	Good
Dynamic Capabilities	Mediating	.944	27	Excellent

Firm Lifecycle Stages	Moderating	.838	24	Good
Firm Survival	Dependent	.882	19	Good
Overall	Research Tool	.969	107	Excellent

Source: Survey data, 2025

According to Kashive and Raina (2024), individual reliability values (α) greater than 0.60 and composite reliability values (α) higher than 0.80 are considered acceptable. From these observations and the obtained values of Cronbach Alpha Coefficient from the pilot study findings, it is concluded that the research tools were reliable.

Validity of the Quantitative Instruments. Validity is the truthfulness, accuracy, and meaningfulness of inferences derived from collected data (Mo & Chin, 2023; Mugenda & Mugenda, 2019). According to Olmsted (2024), validity should predict if a measure produces results which are accurate and if the results are representative of the researcher's intention. Taherdoost (2016) identifies several types of validity that include content validity, face validity, criterion validity, and construct validity. The current study focused on construct validity which is about the researcher's subjective judgement on how a construct is operationalized.

Construct validity tests if there is congruence between the tools used for data collection and the underpinning theoretical frameworks and models adopted (Olmsted, 2024). Incongruences between the concepts means the research tools are invalid. In other words, validity is more about how a certain measure is perceived to relate to a construct in terms of how the content in the questionnaire is seen relevant, clear and unambiguous to the participant. The term "construct" encompasses the skill, attitude, or the behavior under investigation (Drost, 2011). To this end, the researcher enhanced the validity of the quantitative instrument by extensively reviewing extant literature on the constructs under investigation and underpinning theories to identify important concepts leading to generation of the various dimensions of the study.

Reliability and Validity of Qualitative Research Instruments. Qualitative instruments have no measures and therefore their validity and reliability are guaranteed by indicating the steps that the researcher will employ to confirm the accuracy and credibility of the research findings (Noble & Smith, 2015). Creswell and Creswell (2018) describe qualitative validity as the processes and procedures that are applied by the researcher to confirm the accuracy of the research findings whereas, qualitative reliability on the other hand refers to the consistency realized from different projects and the approaches that the different researchers employ. The study tested the validity and reliability of the qualitative instrument through a number of approaches.

First, a multi-pronged approach recommended by Creswell (2013) was applied to test the validity of the qualitative instrument. Triangulation was initially used to check for convergence of themes from the quantitative data and qualitative data. Coherence was observed in the two data sources thus, justifying the validity and reliability of the interview protocol questions. Mugenda and Mugenda (2019) suggest that the convergence of themes from both quantitative and qualitative data is a justification for coherence in the two sets of data. The second approach focused on how the "individual self" can cause bias into the research finding by forcing the meaning that the research brings out. The conviction that the outcomes of the findings would bring change to the healthcare-based SMEs kept the researcher focused on getting accurate results.

The third approach revolved around providing enough time for gathering data. The researcher spent about six months on data collection. About four months were spent collecting quantitative data and about two months for the qualitative data. This translated to a response rate of 77% for the quantitative phase and 11 interviews from

the qualitative phase. The more responses, the higher the chances of getting more accurate information (Mugenda & Mugenda, 2019). Lastly, the researcher used colleagues in class for peer debriefing of the progress of the research and how the tools were developed. Additionally, the input from the supervisors on the tool development was sought and taken into account. The researcher paid attention to the feedback gotten and made the necessary adjustments on the tool.

To guarantee reliability of the qualitative research instrument, the researcher relied on case studies of similar procedures that have been documented. This is in line with observations by Creswell and Creswell (2018) that qualitative reliability is enhanced through proper documentation of procedures and steps followed in data collection. The researcher observed keenness in transcribing, coding and assigning labels to data to avoid mistakes.

Data Analysis and Presentation

Raw data which is not interpreted is meaningless and therefore the process that puts meaning into the data is very central in any research. Data analysis is considered a research process entailing collection, transformation, cleaning, and modeling of raw data aimed at unveiling desired information and drawing of important conclusions (Dibekulu, 2020). In other words, it is a research process involved with conversion of raw data into ideas and facts which are meaningful and which can be applied to express concepts in a study. Data analysis process is dependent on the research design adopted by the researcher and can take a quantitative approach, qualitative approach, or mixed approach.

For a mixed-method design, the researcher requires to appreciate the independence of the two types of data and be conversant with how they are analyzed because it forms the basis of how they are eventually merged (Cunha *et al*., 2024).

Mixed method research designs are of different types based on the priority that the researcher puts into the collected data (Kashive & Raina, 2024). The current study used the explanatory sequential mixed-method design which according to Terrell (2016) is a two-phased process that requires that both the quantitative data and qualitative data are collected and analyzed separately. In this design, quantitative data are first collected and analyzed and the findings of the quantitative results used as the basis for developing the questions for the qualitative phase of data collection and analysis (McAdam *et al*., 2014).

Quantitative Data Analysis Phase

The very initial step in quantitative data analysis is preparing the collected data for analysis and requires basic processes such as editing, coding, and entering data into a form that can be easily understood (Sekaran & Bougie, 2016). The quantitative analysis process was supported by Statistical Package for the Social Sciences (SPSS v.26.0), a software program that helps researchers to analyze quantitative data in different and more efficient ways. Data editing is the first step in data analysis during which the questionnaires are scrutinized for errors and any possible omissions done with a view of ensuring the final used data are complete, accurate, uniform, and consistent with other concepts under investigation (Singh *et al*., 2024). In the study, the analysis process started with first reviewing the questionnaires before analyzing the response rate. To deal with the response bias, the returned questionnaires were reviewed to detect and remove those not fully responded to or those whose responses were not in alignment with the study. Danvila-del-Valle *et al*. (2018) opine that removing questionnaires with responses that are inconsistent and incorrect helps to improve the validity of the research instrument and have a useable sample.

The second step that followed was coding which according to Dibekulu (2020) is about assigning numeric values or other symbols to the responses derived from the structured questionnaire. This helped to develop an SPSS based spreadsheet that represented all the responses from the questionnaires. Through coding, the researcher was able to group the responses into fewer categories with exhaustive characteristics and mutual exclusivity. Coding was done to make the subsequent analysis steps easy and efficient through grouping several related responses into smaller classes with critical information for analysis. The coding process paved way for the third step of data analysis assisted by SPSS software. SPSS was able to provide statistical findings of descriptive analysis, exploratory factor analysis, diagnostic tests, and inferential analysis for testing hypotheses. The quantitative data analysis process borrowed from a study Orlowski (2022) that adopted an exploratory sequential mixed-method research design and analyzed quantitative using SPSS v.26.0.

Descriptive Statistics. Descriptive statistics is the most basic type of statistics representing a statistical tool used by researchers to arrange, describe, summarize, and provide reports of attained scores or observed behaviors in ways that are simple and easy to understand (Dong, 2023). It encompasses the exploratory data analysis which helps the researcher to have a feel of the data through visual presentations in form of figures, graphs, charts, and tables (Saunders *et al*., 2019). Descriptive statistics support the exploratory data analysis by enabling the researcher to make comparisons of the study variables in a numerical manner. Mugenda and Mugenda (2019) define the descriptive data analysis as the initial step of data analysis that explains the foundational characteristics of the data in a meaningful way. It highlights the frequencies of individual variables, their constituent elements, distribution measures of central tendencies, and dispersion (Ibáñez-López, *et al*., 2024).

In the current study, the researcher used exploratory data analysis to explore the respondents' demographic characteristics and the characteristics of the healthcare facilities in which the study was undertaken. This was presented in form of tables that gave a better visualization of the observed characteristics. Descriptive statistics that compared the quantitative study variables used measures of central tendency specifically frequency of distributions, means, and standard deviation. The fact that the structured questionnaire used in gathering quantitative data was based on a 5-point Likert Scale made it possible for the study to use mean scores as a way of establishing the average respondents' opinions on different attributes of the quantitative study variables.

To interpret the mean scores, the study relied on a scale by Nunnally and Berstein (1994, as cited in Ang'ana, 2024) to explain the results. According to the scale, mean scores between 1-2 are considered to be low, those between 2-3 as moderately low, those between 3-4 as moderately high, and those between 4-5 as high. Standard deviation according to Ibáñez-López, *et al*. (2024), which is the result of calculating the positive square root of the variance, was used to show how close or far to the mean value the observed scores were.

Exploratory Factor Analysis. Exploratory factor analysis is a quantitative data analysis process used in researches with large sizes of data. Principally, the process summarizes and reduces quantitative data into components that are easy to interpret and observe relationships and trends of the variables under investigation in the research instrument (Sürücü *et al*., 2024). The process regroups the items under each study variable into fewer meaningful categories with fewer items and eliminates unimportant ones therefore making the analysis process more precise and focused. Further, it enables researchers to identify the type of theoretical constructs embedded

in a particular data set and the degree to which such constructs relate to the originally conceptualized variables. Factor analysis technique can be employed to analyze the composition of a set of interrelating variables to develop a scale of measurement of factors that define the original variables (Loureiro *et al*., 2021). Additionally, it can combine collinear variables and therefore solve problems associated with multi-collinearity.

The researcher opted to carry out exploratory factor analysis because of the large size of quantitative data collected. He borrowed factor analysis procedures by Akonkwa *et al*. (2021) which recommend the use of a correction matrix for analysis and the use of principal component method for extraction of factors. This was followed by varimax rotation for all dimensions under consideration. For this study, the procedure involved the extraction of factors from items of democratic leadership (independent variable), dynamic capabilities (mediating variable), and firm lifecycle stages (moderating variable). Factor analysis was not done on firm survival (dependent variable) because the variable was considered to measure the actual outcomes of employing democratic leadership and therefore such information could not be distorted.

Diagnostic Tests. Diagnostic tests are undertaken to confirm whether data conform to basic assumptions that underlie statistical techniques used for inferential statistical analysis. According to Kothari (2004), they are carried before multiple regression analysis is performed and help to test the data for compliance with multiple regression assumptions. The diagnostic tests that the study performed included normality tests, linearity tests, multi-collinearity tests, and test for sampling adequacy.

Diagnostic tests for normality are used to confirm whether the selected sample for data collection was drawn from a population showing normal distribution

characteristics (Ghasemi & Zahediasl, 2012), which is a critical assumption in parametric testing (Yarow *et al*., 2019). There are many approaches used to assess data for normality (Kim, 2013; Orcan, 2020). This study adopted the graphical methods specifically histograms as recommended by Orcan (2020) to test for normality because of the advantage of visualization it brings out. When the regression standardized residuals from the study data are plotted against the predicted values and the results presented in histograms giving a bell-shaped curve, such data is considered to have been drawn from a population that possesses normal distribution characteristics.

Secondly, linearity according to a study by Yarow *et al*. (2019) assumes a linear relationship exists between the dependent variable and independent variables and refers to the extent to which the changes in the dependent and independent variables are related. The assumption of linearity of the relationship between the dependent and independent variables means the prediction of the dependent variable (Y) is constant for all ranges of independent variable (X). Schober *et al. (*2018) assert that linearity test confirms the direction and strength of the relationship between a pair of variables and therefore the Pearson's Correlation Coefficient (r) may be applied as was the case with the current study. The coefficient ranges between +1.0 and -1.0 meaning some of the scores obtained show a positive correlation and others a negative correlation (Saunders *et al.*,2019). Correction coefficient (r) of 0 means no linear relationship, that of +1.0 a perfect positive relationship, and that of -1.0 a perfect negative relationship.

Thirdly, multi-collinearity refers to a state of multiple linear regression where several independent variables are correlated with the dependent variable as well as with each other and therefore making some of the important variables to become

statistically insignificant (Shrestha, 2020), and which may constrain the ability to assess the individual effect of each of the variables. Correlation coefficient is an appropriate multi-collinearity diagnostic test measure. When the collinearity between the predictor variables is perfect, the regression coefficient of each variable becomes interchangeable (correlation coefficient is 1), therefore difficult to estimate (Field, 2013).

Variance Inflation Factor (VIF) is also used to test multi-collinearity for each of the predictor variables. The higher the value, the more the correlation effect with the other variables. Usually, multi-collinearity is considered absent when the VIF values are below 10 with values below 5 considered to be even better. Collinearity increases with increase in standard errors of the regression coefficients. Higher levels of standard error for the regression coefficients infer higher variances with samples and therefore such samples are less likely to be representative of the population. The current study used VIF and Tolerance values to test for multi-collinearity. The study used VIF and Tolerance values of below 10 and above 0.1 respectively to measure multi-collinearity.

The fourth diagnostic test related to sample size adequacy. According to Pirani (2024), survey based researches face challenges of obtaining the optimum sample size that would guarantee findings that are efficient, adaptable, dependable, and representative of the total population in terms of the characteristics being studied. Oduor (2022) observes that, responses in all sections of the questionnaire should be adequate to ensure the results of inferential statistics are not biased. Testing of sample adequacy is very critical especially in exploratory factor analysis which was embraced as one of the ways of analyzing data in this study (Noora, 2021).

One of the recommended approaches for testing sample adequacy is the use of Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy. KMO has the potential of determining if the collected data is suitable for exploratory factor analysis. The researcher preferred this test because of its ability to measure the adequacy of each construct in the model and also for the overall model. The values for KMO scores range between 0 to 1 (Loureiro *et al*., 2021). Samples are considered adequate when the KMO score is in the range of 0.8-1.0 and moderate when the values range between 0.7-0.79. Values below 0.6 are considered inadequate.

Inferential Statistics and Model Specification. The focus of inferential statistics is to test hypotheses and make conclusions about the population based on the findings of the sample characteristics (Sekaran & Bougie, 2016). Inferential statistics assess the nature and the strength of the relationships between variables and assist in generalizing the findings of the representative sample to the population (Mugenda & Mugenda, 2019). Thus, inferential statistics enable researchers to make conclusions from data set obtained from a small sample which are then extrapolated to the entire population from where the samples were selected. According to Pandey and Rao (2024), inferential statistics can be grouped into three main categories. The first category relates to significance tests that confirm whether observed results are significant and not by chance. The second category relates to correlation analysis that identifies the relationship between variables. The third category encompasses the types of linear regression analysis that help to predict or infer causality between other variables. In other words, they predict the possibility of an outcome happening.

The objective of this study was to test five hypotheses between four types of variables using the Pearson's product moment correlation analysis and because the analytical process involved more than one variable, it was supported by multiple

linear regression analysis. The first three hypotheses tested the direct effects of democratic leader behavior, democratic workplaces, and democratic stewardship on the survival of healthcare-based SMEs as represented in the following regression equation.

$Y= \beta_0+ \beta_1X_1 + \beta_2X_2 + \beta_3X_3,$ where Y represents SME survival, X_1 democratic leader behavior, X_2 democratic workplaces, X_3 Democratic stewardship, β_0 constant term, β_1 coefficient for democratic leader behaviors, β_2 coefficient for democratic workplaces, and β_3 coefficient for democratic stewardship. In this case, X_1, X_2, and X_3 were the independent variables while Y was the dependent variable.

The fourth hypothesis tested the mediating effect of dynamic capabilities on the relationship between democratic leadership and SME survival using the Four Path Model by Baron and Kenny (1986 as cited in Otuya, 2019) as represented in the following regression model.

Step1: $Y= \beta0_{10}+\beta_{11}X_{11}$

Step 2: $M= \beta0_{22}+\beta_{22}X_{22}$

Step 3: $Y= \beta0_{33}+\beta_{34}M_{31}$

Step 4: $Y= \beta0_{44}+\beta_{45}X_{45}+ \beta_{46}M_{41,}$ where Y represents SME survival (dependent variable), X democratic leadership (independent variable), M composite index for dynamic capabilities (mediating variable), $\beta0_{10}$ constant for the baseline model relating composite index of democratic leadership and SME survival and $\beta0_{22}$, $\beta0_{33}$, and $\beta0_{44}$ the constant for the regression model testing the effect of composite index on mediating variable, effect on mediating on dependent and effect of democratic leadership on survival when the mediating factor is present respectively.

The fifth hypothesis tested the moderating effect of firm lifecycle stages on the relationship between democratic leadership and SME survival using a moderation

model fronted by McClelland & Whiseman (2005) as represented in the regression model.

Step 1: Step1: $Y= \beta_{010}+\beta_{11}X_{11}$

Step 2: $Y= \beta_{022}+\beta_{23}X_{23}+ \beta_{24}M_{24}$

Step 3: $Y= \beta_{033}+\beta_{34}X_{34}+ \beta_{35}M_{35}+ \beta_{36}(X*M)$, where Y represents SME survival 9dependent variable), X democratic leadership (independent variable), M firm lifestyle stage (moderating variable), β the coefficients of the interaction term between democratic leadership and firm lifecycle stages (moderating variable).

The inferential statistics analysis was assisted by SPSS v.26.0 software that produced three categories of the statistical outputs in form of three tables, namely; the model summary table, ANOVA table, and coefficient summary table and their contents were used for hypotheses testing. Model summary table represented outputs of linear regression analysis of the relationship between the variables. The outputs of the model were used to explain the strength of the relationship between the variables through measures of adjusted R^2 also called coefficient of determination. Analysis of Variance (ANOVA) test determined if the effect of the relationship between the variables had statistical significance. The ANOVA test provided information about the probability of distribution (F-ratio) and degree of significance (p-value) whose conventional value is 95% (Mugenda & Mugenda, 2019). Coefficient summary table represented coefficient analysis outputs that measured the strength and the direction of the effect of the relationships of the variables of the study and was measured using beta correlation coefficient. The outputs of the inferential statistics were used to test the five hypotheses of the study.

Qualitative Data Analysis

For the qualitative phase, the researcher adopted Braun and Clarke's (2006) six-step systematic thematic analysis to analyse qualitative data. Thematic analysis focuses on reducing enormous volumes of data in different forms into simple cluster concepts that are coherent and easily understood (Bryman, 2016). The process was systematic in alignment with definition by Naeem *et al*. (2023) that terms a systematic thematic approach as a data interpretation process that is structured and follows a sequence allowing one step to build from the previous. Further, the researcher combined both inductive and deductive thematic approaches to bring out the best out of the findings. According to Dawadi (2020), during the deductive phase, attention was paid to the researcher's areas of theoretical interest in relation to the initially conceptualized themes linking democratic leadership and firm survival. In the inductive phase, the researcher disengaged from the original themes and focused on the emergent gaps that arose from the quantitative data analysis phase.

To guarantee that the research ethics were upheld, the respondents were given unique pseudo-names as a way of maintaining participant confidentiality. Thus, they were marked as CH1, JN1, LN1, MC1, ML1, MW1, O1, S1, ST1, V1, W1. The six steps were: familiarizing with data, generating initial codes, generating initial themes, reviewing themes, defining and giving names to themes, and writing the final report.

Step 1: Familiarizing with Data. This first step according to Braun and Clarke (2013) helps the researcher to understand the content of the data and the observable patterns and features of interest. The researcher started by listening to the audio recordings of the eleven interviews with a view to having a better understanding of the interviewees' thoughts and the sub-themes they represented in relation to the

emergent gaps (McLeod, 2024). Thereafter, transcription was done with the help of "Cockatoo", an online transcription software.

To get intimate familiarity with the textual data, the researcher read and re-read the content while at the same time listening to the audio recordings in order to capture tone, points of emphasis, and emotional expressions that may have missed in the transcripts. The approach assisted the researcher to have a holistic comprehension of the experiences and thoughts of the participants as well as the data narrative. At this stage, notes on the emerging ideas and observable patterns were made. The notes aided the researcher to remember key concepts from the data in the subsequent phases of coding and further analysis.

Step 2: Generation of Initial Codes. Codes according to Braun and Clarke (2013) and Lee *et al*. (2024) represent pithy labels that derive from specific sections of data and capture certain features pertinent to the research question. While reviewing the data, the researcher paid attention to the semantics directly brought out by the participants during the interviews and the hidden concepts from the researcher's understanding of the variables and the existing theories. The researcher was aware of the iterative nature of the coding process and kept on refining and reviewing the generated codes in alignment with the evolution of the data.

A manual approach of data coding was adopted. Microsoft Excel Version 2016 was used to bring out the visibility of the generated codes. Moreover, to generate codes, attention was given to the qualitative questions that were meant to explain the gaps in the quantitative findings. Specifically, the researcher keenly read through all the transcripts highlighting chunks of words of different lengths, phrases, important sentences, or entire paragraphs that showed relevance to the research questions. Code labels in form of key words or short phrases were given to the

highlighted texts to capture their importance and the underlying meaning in relation to the gaps. The process of code generation is illustrated in Table 12.

Table 12:Generation of Initial Codes

Qualitative Question	Chunks of words, phrases, relevant sentences	Code labels
What is your understanding of democratic leadership	The organization has entrenched a culture of feedback whereby prior to implementation of any decision, they embrace a consultative forum (CH1).	Feedback Consultation
	A situation where an employee is capable of sharing their ideas (V1)	Share ideas
	You get the right people on the bus, you give them the space to do what they are supposed to do, and you give them the resources to do what they are supposed to do (S1)	Right people Tolerance Resource provision Common goals
	It is leadership which considers the rights of the employees (ST1)	Employee rights
	The leader is there to guide the rest, but everybody should be involved (JN1)	Leader's guidance Involvement
	Keep on auditing whatever you're doing, your actions and everything, to make sure that whatever you're working on is good for the goal (JN1).	Evaluation Common goals
What leader behaviours were critical for the application of democratic leadership?	Setting the strategic direction for the organization as a leader is very critical so that the employees can have a buy-in (JN1)	Strategic direction Convincing
	Just make sure that the team is completely sold into the vision (W1)	Vision articulation
	Leadership is all about four things. Number one is sharing vision, number two is empowering people, number three is inspiring people and number four is leading change initiatives. (CH1)	Share vision Empowerment Inspiration Change management
	I think the leader should be very hands-on	Hands on
	You must be very, very, very, very, very visionary and be focused on what you want to achieve)W1)	Intentional
	Keep on auditing whatever you're doing, your actions and everything, to make sure that whatever you're working on is good for the goal (JN1).	Goal evaluation

Source: Survey data, 2025.

The researcher relied on an approach by McLeod (2024) for evaluation of codes before getting into the third step of generation of themes. To evaluate the

appropriateness of codes to the research questions, a researcher should keep on revisiting and revising the codes as new insights related to the data emerge. Revisiting and revising the codes entailed renaming of codes where new information was revealed, combining of codes where shared connections or overlaps were discovered, and splitting of codes where there were clear distinctions. The process proceeded to the third step after the researcher was convinced there were sufficient codes to represent the diversity of data and give concise meaning to the patterns observed.

Step 3: Generation of Initial Themes. The process of generating themes is more like coding of codes and is aimed at identifying areas of similarity in the collected data (Braun & Clarke, 2013). Notably, themes may not necessarily be concealed in the data but their construction requires a researcher's deliberate effort in interpreting and conceptualizing the abstract meaning (Naeem *et al*., 2023). In this step, the researcher started by reviewing the codes and carefully collating those with common features or those showing coherence and patterned nuances into initial themes. The researcher first grouped similar or several codes into meaningful categories that revealed trends and relations relevant to the research questions.

To simplify the process, an excel sheet with two columns was generated. One column had the list of codes, while the other represented the potential themes. To refine the process of theme generation, the researcher re-read the transcripts and reorganized and collated some of the codes within the relevant themes. Some of the concepts identified during literature review were found to be meaningful and helped in theme generation with some of the codes being subsumed under them. Thematic maps were used to represent the thematic generation process because they are considered to be more visible in illustrating the way codes and themes link with each other.

Step 4: Reviewing Themes. The key focus of the fourth step was to review, modify, and where possible develop the initial themes in step 3 with a view to transforming them into solid themes that represent the data set. This was undertaken to ensure the final themes were internally homogeneous (coherent and consistent) and externally heterogeneous (have clear distinctions between them (Braun & Clarke, 2006). The researcher adopted a recursive approach and reviewed the initially generated themes and subthemes to confirm whether the meaning they conferred told of stories that were convincing and compelling in relation to the data. Re-reading the collated extracts associated with all the themes and reviewing how they had been clustered helped to confirm coherency in the patterns generated from the data.

Themes which shared similar meanings were collapsed into broader themes and those whose initial meanings were ambiguous or vague were split into two or more themes that were succinct and in resonance with the research data. The researcher refined the thematic maps to reflect the themes generated, their relationships, and the overarching story brought out from the data. Further adjustments or reorganization of the themes were done where the thematic maps where found not to be reflective of the data or where the meaning of themes could not be found in the extracts. The most important aspect that the researcher paid attention to in this phase was examining how various codes collated into key themes and the hierarchical linkages between themes and subthemes.

Step 5: Defining and Giving Names to Themes. The main focus of this step was to identify the purpose of each of the themes and give a name that is succinct, catchy, and descriptive of the meaning it derived from specific portions of the data (Braun & Clarke, 2013; Dawadi, 2020). This was actualized by revisiting the main themes, subthemes, codes, and the related extracts and keenly reading through them.

Further, the researcher assigned the most appropriate names to the final themes while paying attention to the story told by each theme and how it resonated with the broader story that the study intended to reveal about the data and the related research questions.

Step 6: Writing the Final Report. The sixth step weaves together the narrative derived from the analysis and clear data extracts that helps to inform the audience of a story that is concise, coherent, and persuasive about the data and also contextualizes it with reference to the extant literature (Braun & Clarke, 2013). Dawadi (2020) describes this step as the phase during which the researcher presents the final report of the study findings. In the current case, the researcher supported the preparation and writing of the final report of the qualitative findings by proving adequate evidence and use of examples and extracts from various data sources to highlight the prevalent themes.

Interpretation of results

The findings that arose from the data analysis were interpreted and presented in Chapter Four under the discussion section. The format followed a similar sequence as the way the data were collected and analyzed. The interpretation of the quantitative findings based on the five hypothesis was made first followed by the qualitative findings. In an explanatory sequential mixed-method design, the qualitative findings are used to explain the quantitative findings (Creswell & Clark, 2018). The first level of interpretation of quantitative data showed the direct effect of each of the three dimensions of democratic leadership on firm survival. The second level of interpretation explained the effect of dynamic capabilities (mediating variable) on the relationship between democratic leadership and firm survival. The third level of

interpretation showed the effect of firm lifecycle stages on the relationship between democratic leadership and firm lifecycle (moderating variable).

Once the researcher was done with the interpretation of the quantitative findings, he also interpreted the qualitative findings while paying attention to emerging trends between the two data sets. Orlowski (2022) observes that, once qualitative data is analyzed in an explanatory sequential mixed-method research design, the researcher should identify relationships of the two types of data sets to draw integrated conclusions. The final stage of the interpretation involved integrating the interpretations of the quantitative findings with those of qualitative findings with a view of obtaining more comprehensive implications. Relevant excerpts from the qualitative data were identified and used to offer explanations to the concerns raised during the quantitative phase. Table 13 presents a summary of tests of hypotheses and the interpretation.

Table 13:Summary of Tests of Hypotheses

Objective	Hypothesis	Statistical Model	Interpretation of Test Results
Research objective1 To investigate the effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi County, Kenya.	$H_0$1: There is no significant effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi County, Kenya.	$Y= \beta_0+ \beta_1X_1 + \beta_2X_2 + \beta_3X_3$ Where Y=firm survival (DV) X_1=Democratic leader behavior(IV) X_2=Democratic workplaces (IV) X_3=Democratic stewardship (IV) β_0=constant term β_1= Coefficient for democratic leader behaviors β_2=Coefficient for democratic workplaces β_3 = Coefficient for democratic stewardship	The standardized coefficients β_1, β_2, and β_3 was used to show the effect of each of the predictor variables on firm survival Hypothesis $H_0$1 β_1X_1 (for democratic leader behaviors) If $p<0.05$, Reject H_0 and
Research objective 2 To explore the effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi	$H_0$2: There is no significant effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi County, Kenya		

County, Kenya			accept H_a
Research Objective 3 To evaluate the effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi County, Kenya.	$H_0$3: There is no significant effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi County, Kenya		Hypothesis $H_0$2 β_2X_2 (for democratic workplaces) If $p<0.05$, Reject H_0 and accept H_a Hypothesis $H_0$3 β_3X_3 (for democratic stewardship) If $p<0.05$, Reject H_0 and accept H_a
Research objective 4 To test the mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi County, Kenya.	$H_0$4: There is no significant mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi County, Kenya.	Step1: $Y= \beta_{010}+\beta_{11}X_{11}$ Step 2: $M= \beta_{022}+\beta_{22}X_{22}$ Step 3: $Y= \beta_{033}+\beta_{34}M_{31}$ Step 4: $Y= \beta_{044}+\beta_{45}X_{45}+ \beta_{46}M_{41}$ Where Y=firm survival (DV) X=Democratic leadership (IV) M=composite index for mediating variable (Dynamic capabilities) β_{010} =Constant for the baseline model relating composite index of democratic leadership and firm survival. β_{022} , β_{033} , β_{044} =Represent the constant for the regression model testing the effect of composite index on mediating variable, effect on mediating on dependent and effect of	Change in βX and change in Adjusted R^2

		democratic leadership on survival when the mediating factor is present respectively.	
Research objective 5 To assess the moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi County, Kenya.	$H_0$5: There is no significant moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi County, Kenya.	Step 1: Step1: $Y= \beta_{010}+\beta_{11}X_{11}$ Step 2: $Y= \beta_{022}+\beta_{23}X_{23}+ \beta_{24}M_{24}$ Step 3: $Y= \beta_{033}+\beta_{34}X_{34}+ \beta_{35}M_{35}+ \beta_{36}(X*M)$ Where; Y= firm survival (DV) X= Democratic leadership (IV) M= Firm lifestyle stage (Moderating Variable) β = represent the coefficients of the interaction term between democratic leadership (IV) and firm lifecycle stages (moderating variable).	B(X*M) when $p<0.05$ means evidence of moderation

Source: Survey Data, 2025

Ethical Considerations

Research is an investigative process that can take time and sometimes might be so rigorous that the researcher finds it difficult to maintain the expected standards. Creswell (2013) emphasizes that throughout the research project, it is important to embrace ethical practices and anticipate ethical issues that can arise and affect the scientific rigor of the research design. Ethical considerations take into account the potential harm that the research process may cause to the various stakeholders including the researcher, the participants, and the firms under investigation (Terrell, 2016).

The researcher minimized such potential harm by setting and observing high standards of ethical practices from the time the research idea was mooted, through the time that the research process was ongoing up to the time the thesis was completed.

The study was guided by the principles of confidentiality, transparency, honesty, respect, and concern for the participants. Creswell and Creswell (2018) consider confidentiality and anonymity as participants' basic rights that must be protected. Participant confidentiality in the study was guaranteed through prior information on the intentions of the researcher, how participants' rights would be safeguarded as well as how gathered information would remain confidential and not disclosed or divulged to others. Additionally, the sampled healthcare facilities and participants were given unique codes so that the sources of the data remained anonymous and their integrity relating to the gathered information could not in any manner compromise their identity (Ang'ana, 2024).

The author sought the necessary authorities and permissions to engage in the research from the Pan Africa Christian (PAC) University ethical committee and National Commission for Science and Technology (NACOSTI). Further, all steps were documented and protocols of engagement with others provided. The role of the participants was highlighted and no participant was coerced to take part in the research. As a sign of commitment to maintaining ethical practices, participation was only by signed consent and no participant was coerced to give information. Participants were allowed to take part in the research only upon signing the informed consent letter approved by the PAC University ethical committee. The researcher clarified to the participants that participation in the research was voluntary and that they could at any time withdraw from the research process without any due consequences or giving reasons (Creswell & Creswell, 2018).

The researcher remained objective, while engaging with the participants and did not ask leading questions or act in a way to influence their decisions. Objectivity was also observed at the interpretation stage where findings were reported as they

emerged. Information borrowed from other sources was acknowledged by in-text citation and referencing in compliance with *American Psychological Association* (APA), 7th edition format. The data collected was safely stored. To enrich the body of knowledge, the dissertation would be made public and accessible through the PAC University electronic repositories. To reach global audience, several articles would be extracted based on the findings of the different study objectives and published in relevant peer-reviewed journals. In addition, the researcher would seek to transform the SME sector by sharing the findings in local and global conferences targeting SME leaders, employees, policymakers, the government, financial institutions, and other stakeholders.

Chapter Summary

This chapter has focused on the components related to the study methodology. It starts by introducing the research philosophies adopted by the researcher. This is followed by the research design that was employed, in this case, a mixed method research design and the choice justified. The study population is discussed followed by the sampling design that was embraced. The chapter has further detailed the research instruments that were used for data collection, their contents, and how they were prepared and used. Validity and reliability through pre-testing of research tools is also expounded. Towards the end, the chapter describes in brief how the quantitative and qualitative data were analyzed and interpreted. The chapter closes by providing guidelines on how the researcher accounted for ethical issues related to the research process.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

Introduction

The objective of this study was to examine the relationship between democratic leadership, dynamic capabilities, firm lifecycle stages, and the survival of healthcare-based SMEs in Nairobi City County, Kenya. Specifically, the study evaluated how the conceptualized dimensions of democratic leadership, namely; democratic leader behaviors, democratic workplaces, and democratic stewardship influence SME survival. Additionally, it assessed whether dynamic capabilities and firm lifecycle stages mediate and moderate respectively the relationships between democratic leadership and SME survival. This chapter presents data analysis and interpretation as well as discussions of the findings. It is organized in the following order: introduction, response rate, demographic information, exploratory factor analysis, descriptive statistics, diagnostic tests, inferential statistics, and chapter summary.

Primary data collection and analysis adopted a two-phased approach in fulfillment of requirements of an explanatory sequential mixed method design (Creswell & Creswell, 2018). The collection of quantitative data preceded that of qualitative data. The quantitative phase took four months between June 2023 and October 2023 and involved distribution of 626 structured questionnaires to the sampled population of leaders. The researcher sought the help of two research assistants for the distribution process. Out of the distributed questionnaires, 538 were returned but only 482 were properly filled which translated to a successful response rate of 77 percent.

According to Mugenda and Mugenda (2019), response rate corresponding to 60 percent is considered sufficient for analysis and the reporting to be undertaken. A study by Adam and Alarifi (2021) on the survival of SMEs in Pakistan found a response rate of 52 percent to be representative enough of the target population. A study by Oduor (2022) used a response rate of 64.5 percent and argued that any response rates above 50 percent are good for cross sectional survey data and ideal for inferential statistics. Based on the observed criteria, the study considered the 77 percent response rate sufficient and good enough for data analysis and reporting.

A structured questionnaire divided into five sections was used as the quantitative research tool. The respondents were required to give their opinions on the extent to which they were in agreement with the various attributes of the study variables on a Likert Scale. Once the process of quantitative data collection was complete, the questionnaires were scrutinized for completeness and those found inadequate for the subsequent process were discarded. The objective was to ensure the questionnaires used for the final data analysis carried data that would guarantee quality findings. The 482 questionnaires were fully completed and met the criterion for quantitative data analysis. The quantitative data analysis was initially performed to satisfy the requirements of the research design adopted for the study. Orlowski (2022) states that the findings of the quantitative data in an explanatory sequential mixed method design link the two phases by informing the nature of qualitative questions and the sampling techniques required for the second phase.

Data analysis process for the quantitative data started by coding the questionnaires followed by inputting raw data into SPSS v.26.0. spreadsheet. The versatile nature of SPSS allowed the researcher to analyze the quantitative data in a multiple of ways. First, the software enabled the generation of tables representing

descriptive results that explained the demographic characteristics of the respondents as well as characteristics of the healthcare facilities under investigation. Secondly, the software guided the process of exploratory factor analysis which led to the extraction of new components of the various variables that the study had initially conceptualized. This was extremely important because the original elements used to operationalize the variables were reorganized and new ones developed. Thirdly, through SPSS, it was possible to undertake inferential analysis which allowed both diagnostic tests and hypotheses tests to be carried out.

For the descriptive and exploratory factor analysis, the generated statistical outputs were assessed using measures of central tendency that included means and standard deviations. Factor loading scores for the extracted factors were used to show the contribution of each component to the variables. Cronbach alpha scores were used to measure the relevance of each item to the questionnaire. For the inferential statistics, the statistical output was in form of three tables namely the model summary table, ANOVA table, and coefficient summary table and their contents were used for hypotheses testing.

The outputs of the different levels of analysis were then reported. The first report described the respondent demographic characteristics and the characteristics of the healthcare facilities in which the study was undertaken. This was followed by descriptive analysis reports based on the study variables and the extracted factors. Reports on diagnostic tests followed. Lastly reports on the findings and interpretations from testing of each of the study hypotheses were presented. The researcher was keen on the gaps and issues that emerged from the descriptive and inferential statistics which became a basis for the second phase of the study. Tables 14 and 15 present the

issues that emanated from descriptive and inferential analyses respectively which required further investigation.

Table 14:Issues from Descriptive Characteristics of the Study Constructs

Study Construct	Initial Conceptualized Sub-construct	Emerging Dimensions after Exploratory Factor Analysis	Matters Arising Requiring Attention
Democratic Leadership	-Democratic leader behaviors, -Democratic workplaces. -Democratic stewardship	Direction setting, work structure, responsibility and accountability, integrity, teamwork and collaboration, inclusiveness, democratic communication, concern and care for others.	The way the dimensions that emerged give new meaning to democratic leadership practice
Dynamic capabilities	-Sensing capabilities -Seizing capabilities -Configuring capabilities	Situational analytical capabilities, strategy development capabilities, strategy execution capabilities, market oriented capabilities, resource configuration capabilities	How the new set of dynamic capabilities can be applied to explain the mediated relationship of democratic leadership and firm survival
Firm lifecycle stages	-Age of firm -Firm size -Evolution and revolution phases -Sector growth rate	Periodic size, centralized and formal management, delegation, standardization	The way the emergent dimensions interact with democratic leadership to promote or impede firm survival

Source: Survey Data, 2025

Table 15:Issues from Inferential Analysis

Study construct or sub-construct	**Applied Dimensions**	**Matters Arising Requiring Attention**
Democratic Leader	Direction Setting	Application of direction setting as an attribute of democratic leader behaviors resulted in a low

Behaviors		and negative variation in firm survival yet respondents' opinions showed high acceptance of tenets of democratic leader behaviors
Democratic Workplaces	Democratic communication	The observed variation exerted by tenets of democratic communication (used to operationalize democratic workplaces) on firm survival was positive but low and did not reflect the high mean score representing respondents' opinions.
Democratic stewardship	Integrity	The relationship between Integrity (operationalized democratic stewardship) and firm survival was statistically significant and positive but low and not fully agreeing with opinions expressed by the respondents.
Dynamic capabilities (Original Items)	Dynamic capabilities (New Items)	The relationship between democratic leadership and firm survival on introduction of dynamic capabilities as a mediator was negative yet the respondents' opinions were that democratic leadership had capacity to generate the necessary capabilities for firm survival.
Firm lifecycle stages (Original Items)	Firm Lifecycle Stages (New Items)	The effect of the relationship between democratic leadership and firm survival on introduction of firm lifecycle stages as a moderator increased to a large extent yet the moderator on its own did not have on effect on firm survival.

Source: Survey Data, 2025

Identification of Themes

The second phase paid attention to collection and analysis of qualitative data from eleven key informants who were purposively selected from a pool of participants in the first phase of quantitative data collection. As mentioned in the above section, the gaps that emerged from the quantitative data analysis helped the researcher to develop qualitative questions that guided the interview protocol. The aim was to gain a deeper understanding of the contexts under which adoption of the dimensions of democratic leadership in healthcare-based SMEs would lead to increased survival rates.

Interviews with the participants took a period of two months from April 2024 to May 2024 and were either face to face or done through internet assisted zoom.

During the interviews, short notes were taken and the discussions audio-recorded. Transcription was done and the data analyzed following Braun and Clarke (2006, 2013) guidelines of six-step thematic analysis. Prior to starting the analysis process, the respondents were given unique pseudo-names as a way of maintaining participant confidentiality in order to uphold research ethics. They were marked as CH1, JN1, LN1, MC1, ML1, MW1, O1, S1, ST1, V1, and W1. The analysis process was assisted by the use of Microsoft Excel v. 2016 which enabled the researcher to present the findings in tables and thematic maps representing the generated codes and themes for better visualization of the results.

The themes focused on six critical areas that included: understanding democratic leadership, leader behaviours critical for application of democratic leadership, conducive work climate for democratic communication, tenets of stewardship in democratic leadership, important developed dynamic capabilities, and understanding firm lifecycle stages. Tables and figures were used to give a summary of condensed extracts of themes summarized through thematic maps and highlight the outstanding excerpts that explain the findings of descriptive and inferential analysis. The researcher started the interviews by asking respondents to explain what they understood about democratic leadership practice in their businesses. Table 16 presents a summary of key excerpts, codes and final themes that helped the researcher to define democratic leadership.

Table 16:Understanding Democratic Leadership

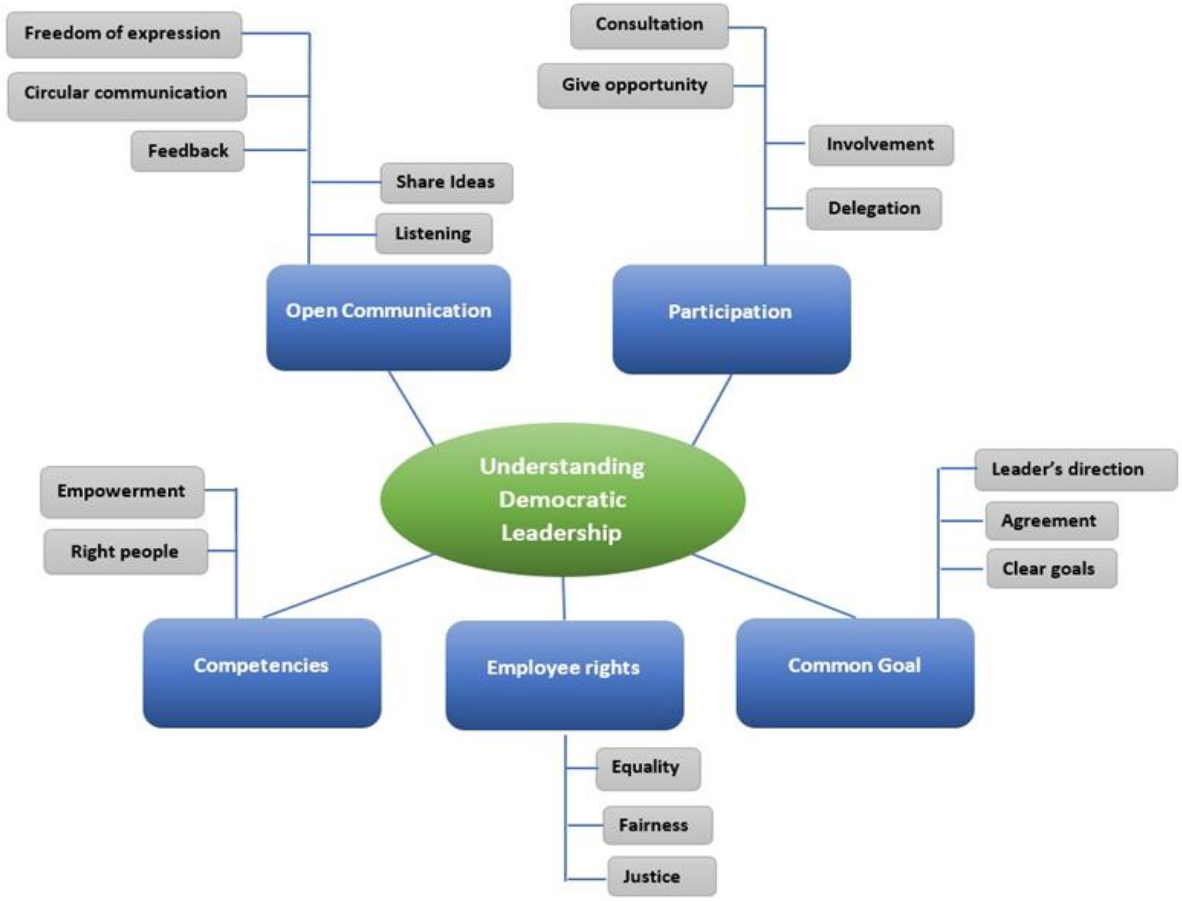
Outstanding Excerpts	**Initial Codes**	**Final codes**	**Final Themes**
Employee voice is very critical in decision making. We do understand that communication is not only top down, but also bottom up. So that the organization is entrenching a culture of feedback whereby	-Employee voice -two-way communication -Feedback -Consultation	-Freedom of expression -Circular communication -Feedback -Consultation	-Open communication -Open communication -Open communication -Participation

prior to implementation of any decision, they embrace a consultative forum. (CH1)			
You give an opportunity to the people you are supervising or involved with…… or a situation where an employee is capable of sharing their ideas (V1)	-Give opportunity -Share ideas	-Give opportunity -Share ideas	-Participation -Open communication
And I think democratic leadership is whereby you get the right people on the bus, you give them the space to do what they are supposed to do, and you give them the resources to do what they are supposed to do, and wait for them to deliver, as opposed to meddling, interfering with their daily decision-making (S1)	-Right people -Give space -Provide resources -Clear goal -Delegation	-Right people -Involvement -Empowerment -Clear goal -Delegation	-Competencies -Participation -Competencies -Common goal -Participation
It is leadership which considers the rights of the employees (ST1)	-Employee rights	-equality -fairness -justice	-Employee rights
The leader is there to guide the rest, but everybody should be involved. Because the idea should be listened to and acted upon (JN1)	-Leader's guidance -Listening	-Leader's direction -Listening	-Common goal -Open communication
leadership where you democratically take an opinion from the rest of the team, so that, you are able to come out with an agreeable way forward (MC1)	-Other's opinions -Agreeable	-Freedom of expression -Agreement	-Open communication -Common goal

Source; Survey Data, 2025

The thematic map in Figure 5 presents a summary of the manner in which related final codes were clustered to generate final themes.

Figure 5:Understanding Democratic Leadership



Source: Survey Data, 2025

From the thematic map, the different themes that were generated from the perspectives of interviewed healthcare facility leaders in response to their understanding of democratic leadership were open communication, participation, common goals, competencies, and employee rights. Democratic leadership was perceived to be a leadership practice that thrives where there is open communication and participation by giving others space and opportunity to share and apply their ideas according to their competencies to accomplish agreed upon common goals while at the same time considering their rights. The most popular themes were open communication and participation.

Open communication according to respondents CH1, V1, JN1, and MC1 was attributed to leadership that encourages freedom of expression, circular communication, sharing of ideas, feedback, and attentive listening. The highlighted aspects of participation were consultation, giving opportunity, involving others, and delegation. The third perspective that was used by respondents to define democratic leadership was possession of common goals and the attributes that the study brought out relating to common goals were leader's direction, goal clarity, and agreement. The other perspectives that were highlighted by the respondents were competencies and rights of employees. Competencies were explained by having the right people when decisions are made and empowerment. Rights of employee were attributed to equality, fairness and justice.

The generated themes resonated with Kurt Lewin's classic model of democratic leadership (Amini *et al*., 2019) and the contemporary principles of democratic theories that consider democracy as an equalizing concept that advances justice, protects rights, redistributes responsibilities, cultivates liberal-decision making while taking care of the interests of everyone (Arenilla, 2010; Dean *et al*., 2019). The study considered the theme on competencies to be unique in that its application was able to address some of the gaps of quantitative data.

The second set of themes generated related to democratic leader behaviors. The follow up question sought to get views on leader behaviours that were critical for effective application of democratic leadership in healthcare facilities. The codes and final themes that the researcher generated based on the respondents' perspectives were represented in Table 17.

Table 17:Democratic Leader Behaviours

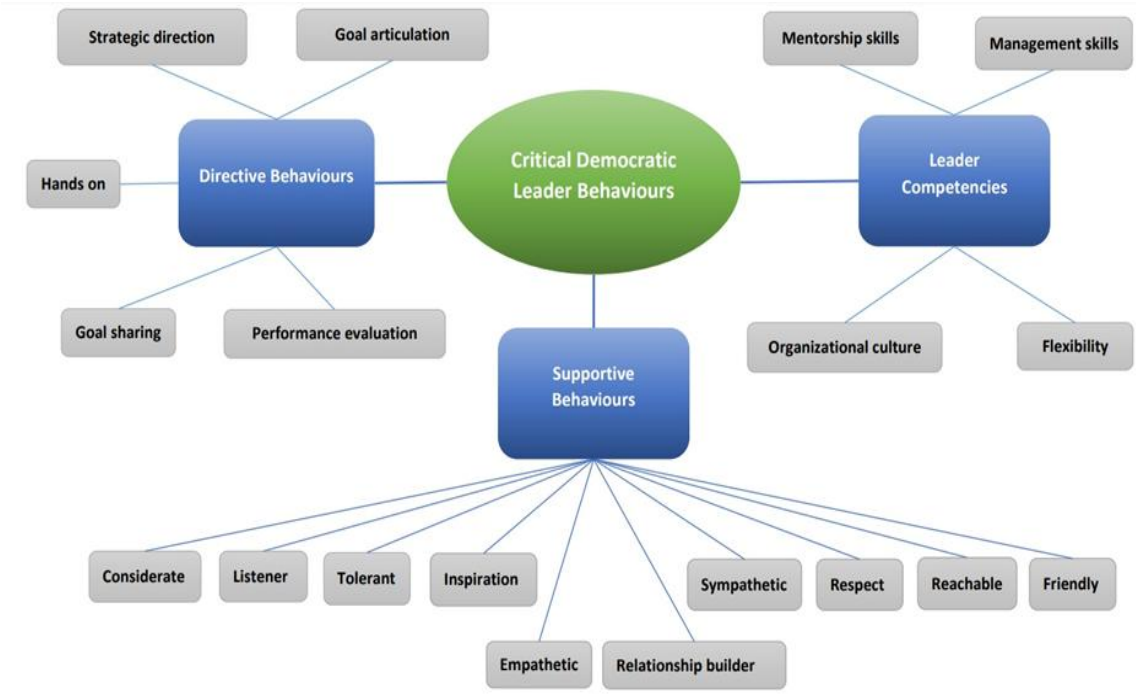
Outstanding Excerpts	**Initial Codes**	**Refined codes**	**Final Themes**
So setting the strategic direction…… as a leader is very critical so that the employees can have a buy-in (CH1)	-Strategic direction	-Setting strategic direction	-Directive behaviours
You must be very, very, very, very, very visionary and be focused on what you want to achieve (V1)	-Focus	-Setting strategic direction	-Directive behaviours
Just make sure that the team is completely sold into the vision (W1)	-Goal articulation	-Goal articulation	-Directive behaviours
Number one is sharing vision (CH1)	-Share vision	-Goal sharing	-Directive behaviours
I think the leader should be very hands-on (W1)	-Hands-on	-Hands-on	-Directive behaviours
Keep on auditing whatever you're doing, your actions and everything (JN1)	-Audit progress	-Performance evaluation	-Directive behaviours
He is a person who listens more and is a very attentive. He is considerate of other people's opinion (ML1)	-Good listener -Considerate	-Listener -Considerate	-Supportive behaviours
Leadership is all about working with people and appreciating what they are going through (ML1)	-Appreciates others	-Tolerant	-Supportive Behaviours
The more you become too strict, the higher the chances these guys start to misbehave (V1).	-Tolerant	-Tolerant	-Supportive Behaviours
Number two is empowering people. Number three, inspiring people (CH1)	-Inspiration	-Inspiration	-Supportive behaviours
He is empathetic, he appreciates people, he sympathizes with people (ML1)	-Empathetic -Sympathetic	-Empathetic -sympathetic	-Supportive Behaviours
You treat them with the dignity, so they feel they are important (V1)	-Dignity	-Respect	-Supportive Behaviours
There must be mutual respect (W1)	-Mutual respect	-Respect	-Supportive Behaviours
…… is reachable, accessible and of course firm. He should not be feared but respected (MC1)	-Reachable -Accessible	-Reachable	-Supportive Behaviours
Simplicity is the way to go. Humbling yourself (LN1)	-Humble	-Reachable	-Supportive Behaviours
They need to be good relationship builders (CH1)	-Relationship builder	-Relationship builder	-Supportive Behaviours
You need a leader who is a people's friend (MW1)	-Friendly	-Friendly	-Supportive Behaviours
He must be a mentor (MC1)	-Mentorship	-Mentorship skills	-Leader competencies

Leader must be able to have good organizing skills, must be able to coordinate, must be able to plan…and must be able to direct (O1)	-Organizing, coordinating, planning, and directing skills	-Management Skills	-Leader competencies
They need ……have problem solving skills (CH1)	-Problem solving skills	-Management skills	-Leader competencies
…..leading change initiatives (CH1)	-Change initiatives	-Build organizational culture	-Leader competencies
If one adopts one style of leadership, then there will be gaps in terms of administration (O1)	-Flexible	-Flexibility	-Leader competencies

Source: Survey Data, 2025

The researcher went further to demonstrate the relationship of the generated codes and final themes through a thematic diagram as shown in Figure 6.

Figure 6 :Critical Democratic leader behaviors



Source: Survey Data, 2025

The researcher singled out three main themes, namely; directive behaviours, supportive behaviours, and leader competencies as the most important perspectives that the interviewed leaders considered critical for shaping democratic leader behaviours. Directive behaviours were defined by leader's ability to set strategic

direction, articulate and share goals, periodically evaluate performance, and taking a hands-on approach in goal implementation. The second theme was supportive leader behaviours which brought out the social and emotional aspects that help the leader to influence the followers in a more effective way. The specific leadership attributes that the respondents associated with supportive behaviours were leadership that is considerate, tolerant, empathetic, sympathetic, respectful, and friendly. Other behaviours singled out were being a good listener, inspirational, reachable, and a good relationship builder.

The third theme that respondents brought out in their arguments on democratic leader behaviors was leader competencies which was defined by management and mentorship skills and ability to be flexible and institute change initiatives that build a high performance organizational culture. Just as was the case in the definition of democratic leadership, possession of certain leader competencies to be able to exercise the observed leader behaviors was found to be important. The fact that competencies can be acquired or developed to enhance one's leadership skills which in turn help to accomplish organizational goals (Northouse, 2019) was an aspect that the study considered critical for survival of healthcare facilities.

The third broad category of themes related to workplaces that were considered important for communication to adopt a democratic approach in healthcare-based facilities. The researcher went further and asked the interviewees to shed light on what they perceived to be a conducive work climate that supported democratic communication in their facilities. Table 18 presents a summary of the systematic thematic analysis processes that led to the generation of the key themes of the variable.

Table 18:Work Climate for Democratic Communication

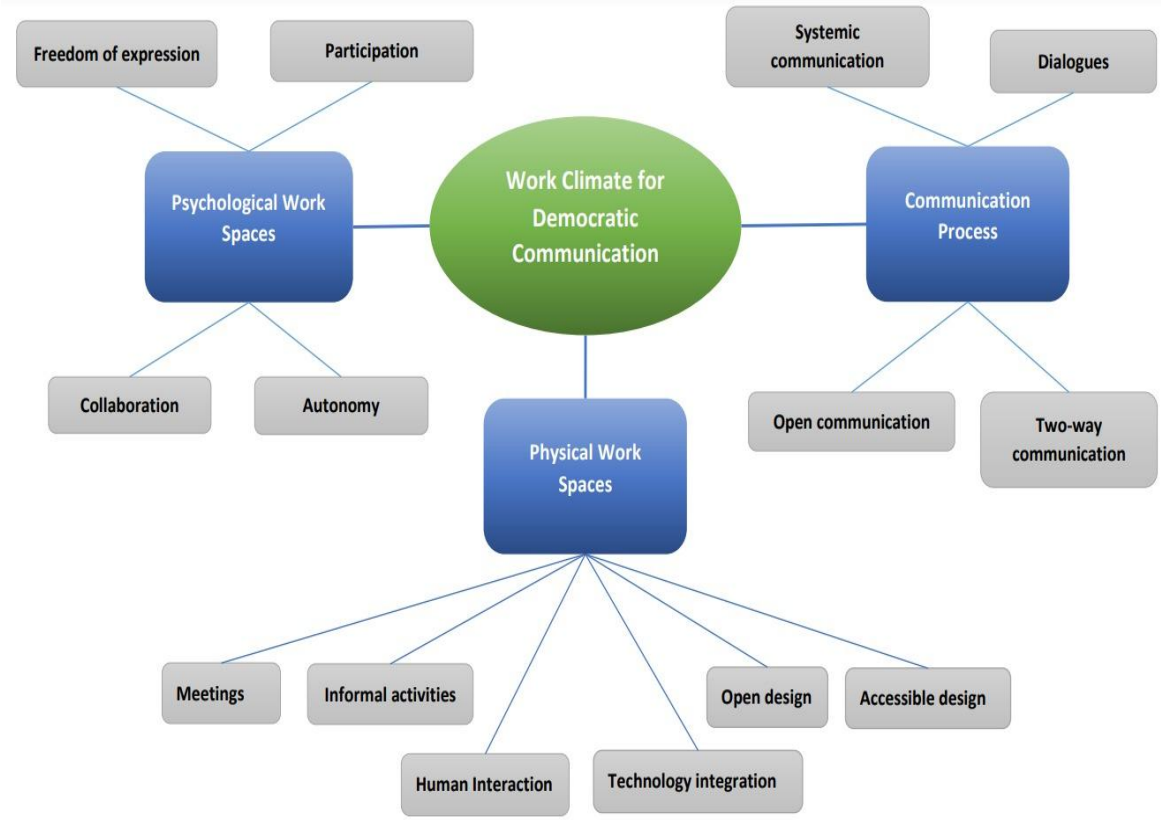
Outstanding Excerpts	Initial Codes	Final Codes	Final Themes
It is comfortable, without fear of being victimized. People are free to voice their concerns and criticisms (ML1)	-Freedom of expression	-Freedom of expression	-Psychological work spaces
... is where the employees have a voice, where they can bring in their contributions, feel valued, and actually feel motivated (W1)	-Employee voice	-Freedom of expression	-Psychological work spaces
Is a leadership that is based on principles of free participation (ML1)	-Participation	-Participation	-Psychological work spaces
We have to make the environment conducive for us to achieve the collaborative decisions (O1)	-Collaborative decisions	-Collaboration	-Psychological work spaces
..autonomous working environment with friendly supervision (CH1)	-Autonomy	-Autonomy	-Psychological work spaces
Nurturing democracy at the workplace is encouraging what we call multi-meetings with functional managers (O1)	-Multi-meetings	-Meetings	-Physical work spaces
You provide those opportunities through monthly meetings, and head of departmental meetings (MC1)	-Planned meetings	-Meetings	Physical work spaces
..informal activities or organizational activities, like MDs' barazas (ML1)	-Informal activities	-Informal activities	-Physical work spaces
Technology is one of them that has come to assist and enhance communication (ML1).	-Technology assisted communication	-Technology integration	-Physical work spaces
I just prefer human interaction in a very old-fashioned way (V1).	-Human interaction	-Human interaction	-Physical work spaces
Because we have made it open. And we call it open-ended offices (O1).	-open-ended offices	-Open design	-Physical work spaces
..has to be designed in a manner that creates accessibility, that eases communication (O1).	-Accessible structures	-Accessible design	-Physical work spaces
But the design should be in such a way that you can have physical access to each and every office you want (JN1)	-Physical access	-Accessible design	-Physical work spaces
Communication has to be two-	-Two-way	-Two-way	-

way. That is top bottom and you know vertical. Top and down and vice versa (MC1)	communication	communication	Communication process
You can sit down and have dialogue if there is a problem, rush it out, come up with a solution (JN1)	-Dialogues	-Dialogues	- Communication process
There is open communication (O1)	-Open communication	-open communication	- Communication process
… when information is reaching everybody in the right time, people can plan ahead (JN1)	-Timely communication	-Systematic communication	- Communication process
It's about consensus building and decision-making (JN1).	-Consensus	-Systematic communication	- Communication process
Communication should be systematic, follow protocol and show clear channels of communication (ST1).	-Clear channels of communication	-Systematic communication	- Communication process

Source: Survey Data, 2025.

To link the related codes and final themes, a thematic map diagram with all the final codes and themes was developed and presented in Figure 7.

Figure 7:Work Climate for Democratic Communication



Source: Survey Data, 2025

The findings showed that psychological work spaces, physical work spaces, and communication process were critical considerations for a work climate that allows communication to take a democratic approach. Psychological work spaces were defined by freedom of expression, participation, collaboration, and autonomy. The attributes that defined physical work spaces were open and accessible designs, meetings, informal activities, human interaction, and technological integration. Communication process was defined by a two-way communication, systematic communication, open communication, and dialogues.

From the perspectives of a majority of the respondents, psychological factors seemed to have more weight in defining a work climate for democratic communication. This was supported by the following excerpts that explained an ideal psychological work climate.

> I would say first and foremost…….it is a homely sort of climate. It is comfortable, yes, without fear of being victimized. People are free to voice their concerns and criticisms, positive criticisms, negative criticisms, knowing that they will be taken into account (ML1).
>
> …whereby people are working without fear and are able to express themselves. It is also an environment whereby people feel that their opinions or ideas are valued or taken and acted upon. So there is that freedom of expression and the freedom to promote democratic communication. It doesn't matter how the management views the feedback. I know my feedback will not be victimized, and my feedback will not be profiled, or personalized (S1).

The unique attribute about democratic workplaces as observed by the researcher was in the respondents' perspectives that established the communication process as a theme. Theoretically, communication is a process that allows exchange of messages between sender and recipient and the manner in which it is done will affect its effectiveness (Wilson, 2020). Therefore, the researcher was of the view that an effective communication process in democratic contexts acts as the interface that weaves together the psychological and physical workspaces.

The fourth broad set of themes focused on tenets of stewardship that allowed effective practice of democratic leadership in healthcare facilities. To clarify whether good stewardship contributed to effective democratic leadership practice, the interviewees were asked to explain their thoughts on how the tenets of stewardship affected establishment of governance structures under democratic leadership. The themes that emerged are represented in Table 19.

Table 19:Stewardship Tenets for Democratic Leadership Practice

Outstanding Excerpts	**Codes**	**Initial Themes**	**Final Themes**
Making every staff understand that they need to work responsibly in their roles towards the achievement of the goals of the facility (LN1)	-Responsibilities -Roles	Job description	Roles and responsibilities
A steward is a person who really knows the right thing which needs to be done and	-right things	-Duties	Roles and Responsibilities

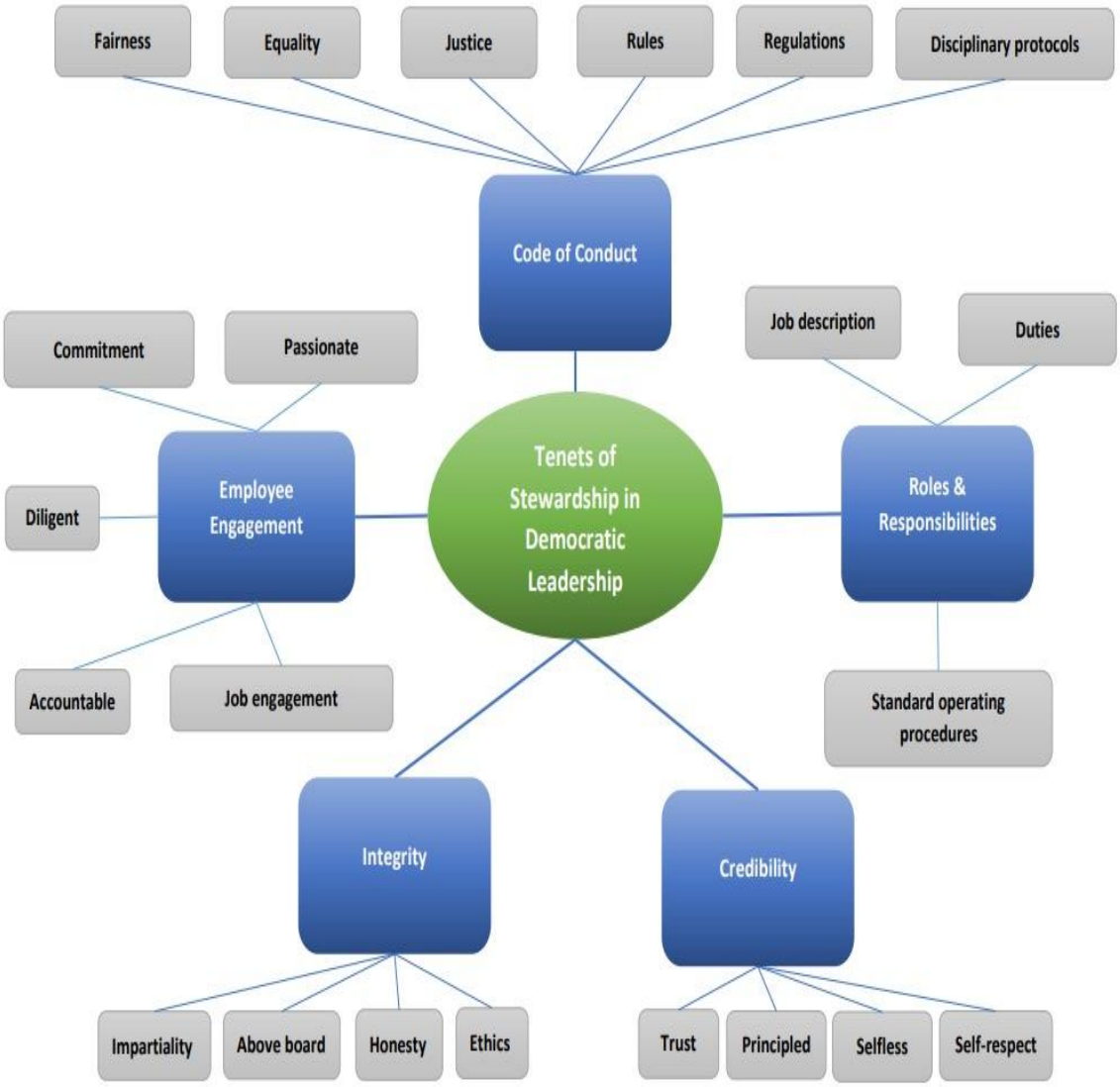
then you do it the right way (MC1)			
Clear articulation of organizational policies, procedures, practices and systems (CH1)	Policies, procedures practices	Standard Operating procedures	Roles and Responsibilities
And then there is that commitment to duty (ML1)	Commitment	commitment	Employee Engagement
I've seen that they become so passionate in their work. They get very diligent in their work (V1)	Passionate Diligent	Passionate Diligent	Employee engagement
They have to have job ownership. When an employee owns a job, they will do it with passion and commitment comes in (O1)	Job ownership	Job engagement	Employee engagement
You are taking care of the assets and the responsibilities that you have been entrusted to as your own (ML1)	Take care of assets	Accountable	Employee engagement
There are set rules and regulations in any organization. That should be one of the things, which guide every person involved (MC1)	Rules Regulations	Rules Regulations	Code of conduct
We have what you call disciplinary protocols…… so anytime somebody makes a mistake, you are called further to a disciplinary committee (MC1)	Disciplinary protocols	Disciplinary protocols	Code of conduct
We are looking at the aspect of fairness, equity, and justice in the decisions (CH1)	Fairness, equity and justice	-Fairness -Equity Justice	Code of conduct
Integrity will help us to control favouritism (V1)	No favouritism	Impartiality	Integrity
First and foremost is integrity. It means that all the operations should be above board (JN1)	Above board	Above board	Integrity
Because with integrity, there would be no corruption, no stealing (JN1)	No corruption No stealing	Honesty	Integrity
You've got to be very honest when you're making your decisions or when you're dealing with anything (S1)	Honesty	Honesty	Integrity
And the aspects of integrity is critical, ethics is critical,	Ethics, professionalism	Ethics	Integrity

professionalism is critical (CH1)			
So good stewardship is a principle that must be worked upon…..it's like working on trust (ML1)	Trust	Trust	Credibility
In the sense that it's actually nice to practice what you believe, and maybe just walk your principles (JN1)	Principled	Principled	Credibility
……. then it means to be a good steward you must be selfless (O1)	Selfless	Selfless	Credibility
I think self-respect is a value because you know you have to first and foremost respect yourself before you respect another person (ML1)	Self-respect	Self-respect	Credibility

Source: Survey Data, 2025

A thematic map was generated to highlight the related codes that were clustered to generate the specific themes and how they related to the study variable (Figure 8).

Figure 8:Stewardship Tenets for Democratic Leadership Practice



Source: Survey Data, 2025

From the perspective presented by the respondents on tenets of stewardship in democratic leadership, five themes emerged: roles and responsibilities, code of conduct, integrity, credibility, and employee engagement. When compared with the originally conceptualized dimensions of democratic stewardship, there was emergence of new concepts namely credibility and employee engagement. The perspective of roles and responsibilities was characterised by proper job descriptions, well defined duties, and standard operating procedures all of which emerged from the respondents and were evidence that they are important tenets of good stewardship.

The perspectives that defined the theme “code of conduct” included; rules, regulations, equality, fairness, justice, and disciplinary protocols.

The attributes that described integrity were impartiality, above board actions, honesty and ethics, while those of credibility emanated from leader’s practices that build trust and self-respect. Such leaders were seen to be principled and selfless. Employee engagement as an attribute of democratic stewardship was characterized by an employee’s level of job engagement, commitment, passion, accountability, and diligence. Respondent O1 stated that, good stewards “have job ownership. When an employee owns a job, they will do it with passion and the commitment comes in”. “I have seen that they become so passionate in their work. They get very diligent in their work “(V1). Employee engagement is the degree to which employees show dedication and zeal to their jobs and it is an important attribute for firm success and survival (Salunkhe *et al*., 2023).

The set of themes relating to dynamic capabilities was the fifth concept that the qualitative data considered. For this variable, the researcher applied a deductive approach for thematic analysis. The study adopted dynamic capabilities as the mediating variable and therefore the researcher was keen to understand how the functioning of democratic leadership to cause firm survival could be explained by the dynamic capability dimensions extracted through factor analysis. The themes under consideration were analytical capabilities, strategy development capabilities, strategy execution capabilities, market oriented capabilities, and business model. Table 20 presents the way the themes were generated from the raw data.

Table 20:Developed Dynamic Capabilities

Outstanding Excerpts	Codes	Initial Themes	Final Themes
..a leader must know how to identify a shortfall or a challenge within a very short time (V1)	Identify challenges	Identify challenges	Analytical capabilities
I knew I had financial management gaps, you know, I know, you understand your own weaknesses (LN1)	Understand weaknesses	Understand weakness	Analytical capabilities
...we should also have a session every now and then with the HR, to know their problems (JN1)	Diagnose HR problems	Diagnose problems	Analytical capabilities
Another thing which can help them go far very fast is if they identify the opportunity around (V1)	Identify opportunities	Identify opportunities	Analytical capabilities
Maybe you have the best intentions, but you've completely misread the market (W1)	Read the market demands	Customer analysis	Analytical capabilities
...you must know what type of client, the environment you are in, I mean, what do they need… (V1)	Understand environment	Customer analysis	Analytical capabilities
How are we going to take this opportunity? (V1)	Take opportunity	Capture opportunities	Strategy development capabilities
You form a peer group whereby one, you are able to do benchmarking, not for the sake of bad competition, but for good competition. (V1)	Bench marking	Bench marking	Strategy development capabilities
I like doing the training in-house and we have regular meetings…. I realize the best way of learning is by teaching. (CH1)	Training	Capacity building	Strategy development capabilities
…change management is so critical. And the current shift in dynamics in HR are the aspect of reskilling and multiskilling (CH1)	Reskilling and multiskilling	Capacity Building	Strategy Development capabilities
Planning comes in… When do we expect high foot fall, what do we need to do? (O1)	Planning	Planning abilities	Strategy development capabilities
… if you have strategic plans	Develop	Planning	Strategy

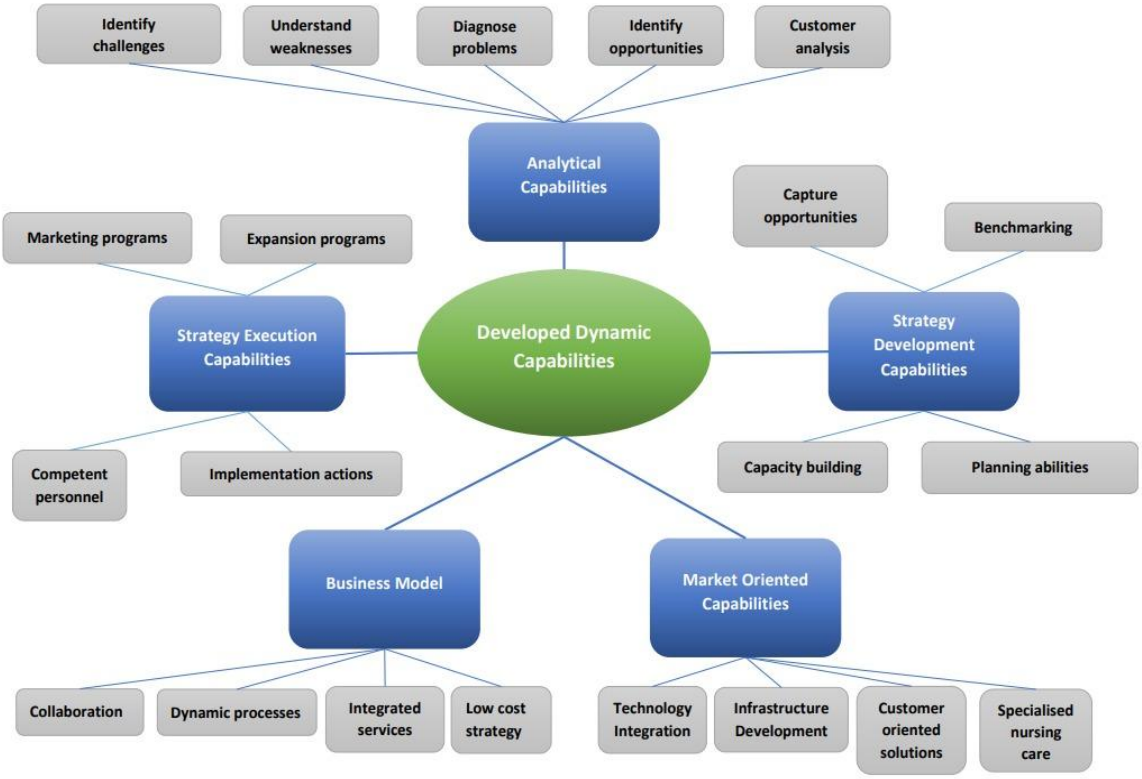
in place and you have a standard operating procedures, you can be well equipped for any changes which may come along (JN1)	strategic plans	abilities	development capabilities
...engaging competent personnel who are able to articulate and make data-driven decisions (CH1)	Competent personnel	Competent personnel	Strategy execution capabilities
You'll need consultants so that you have specialized clinics. (JN1)	Consultants	Competent personnel	Strategy Execution capabilities
It is important for a leader to say and do, to write and do…..whatever you learn and you don't practice, it does not help you (V1)	Say and do	Implementation actions	Strategy execution capabilities
We do outreaches……. free blood pressure, free blood sugar, free consultation, free counselling. (V1)	Outreaches	Marketing programs	Strategy execution capabilities
We are doing medicals for those people who are going outside the country ..... So that one was untapped market and helped us at least improve (CH1)	Untapped market	Marketing programs	Strategy execution capabilities
We have also opened a branch at Mombasa to tap into that market because of the high number of people (CH1)	New branches	Expansion programs	Strategy execution capabilities
We built relationships with the community (LN1)	Collaborations	collaborations	Business model
If you do something, do it different from your competitors, for you to remain ahead (MW1)	Unique services	Dynamic processes	Business model
….. another thing I've realized is the integration of services…... can this client come and get all our services at one stop shop (LN1)	Integrated services	Integrated services	Business model
Number one being flexible financial flexibility towards the customer, or insurance. (O1)	Financial flexibility	Dynamic processes	Business model
And then finally is what we call cost-cutting strategy (V1)	Cost cutting	Low cost strategy	Business model
.. we have identified our distributors and	Affordable cost	Low cost strategy	Business model

manufacturers, whereby we get directly from them at least at an affordable cost. (V1)			
We need to cultivate the element of cost-benefit analysis of any transaction, interaction that they get. (ML1)	Cost-benefit analysis	Low cost strategy	Business model
… embracing new methods and modern methods of treating and also testing for diseases. (JN1)	Modern methods	Technology integration	Market oriented capabilities
Now, just apart from the technology, there is also the social media aspect (W1).	Social media	Technology integration	Market oriented capabilities
But I realize the more you expand, and the more you invest in equipment, in the physical infrastructure, in the material, the more productive your staff will be (W1)	Infrastructure development	Infrastructure development	Market oriented capabilities
So we were forced now to give the market what it needs and that changed our entire concept of how we want to do our business. (S1)	Market needs	Customer oriented solutions	Market oriented capabilities
But for us we are very specific. So it's nursing care which is very special. Patient surveillance. (O1)	Specialized nursing care	Specialized nursing care	Market oriented capabilities

Source: Survey Data, 2025

To understand better the nexus between the codes, themes, and study variable, a thematic map was developed and presented in Figure 9

Figure 9:Developed Dynamic capabilities.



Source: Survey Data, 2025

The dimensions of dynamic capabilities from exploratory factor analysis were related to generated themes. The process in which they were developed was found to be critical. For example, analytical capabilities were characterized by leader's ability to identify a firm's challenges and opportunities, understand company weaknesses, diagnose problems facing the company, and analyze customer needs. Strategy development capabilities encompassed capturing opportunities, planning, benchmarking, and capacity building. The focus for strategy execution capabilities was more about implementation. The constituent items were implementation actions that included recruitment of personnel with right competencies, and putting into action marketing and other expansion programs. The theme explaining market oriented capabilities was defined by technology integration, infrastructure development, customer oriented solutions, and specialized nursing care. Lastly, the concepts that explained the business models developed by the leaders of the

healthcare facilities were low-cost strategies, integrated services, collaborations, and dynamic processes. The researcher related themes of new business models and market oriented solutions to the configuration capabilities that the study had originally conceptualized. Configuration capabilities are considered as a firm's potential to rejuvenate and transform its resources and build its capacity to adequately respond to market turbulence.

The last set of themes that the qualitative findings generated related to the variable of life cycle stages. To link firm survival with the growth that organizations experience as they transition across lifecycle stages, the researcher sought information as to how the interviewees understood firm lifecycle and factors that promoted or hindered the transition process. The way themes related to the variable were generated is shown in Table 21.

Table 21:Perceptions on Lifecycle Stages

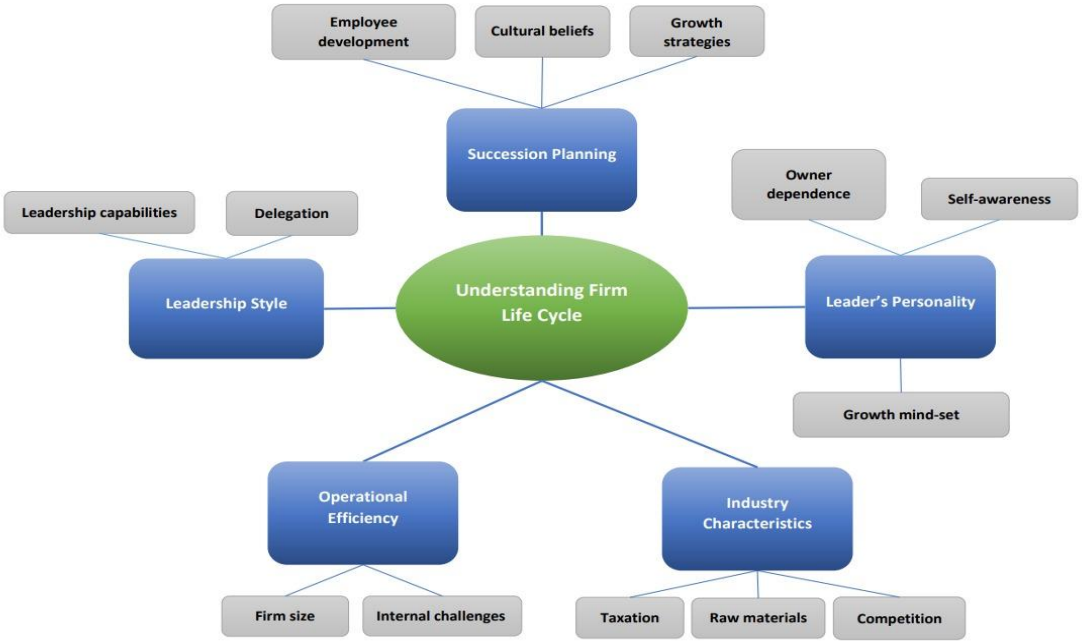
Outstanding excerpts	**Codes**	**Initial Themes**	**Final Themes**
... if a leader provides a conducive environment to ensure that the people he is working with are nurtured and changed, are shown how things are done …. even when the leader is not there, the institution will run (V1).	-Nurture employees	Employee development	Succession planning
Our problem is that us as black, or us Africans, the company only lives up to our lifestyle. If we become even sickly, the owner and the company also become sick. By the time we die, the company is dead (MW1).	-Race -Lifestyles	Cultural beliefs	Succession planning
Of course, growth……. Challenges are there, but they need to be planned..(CH1).	Growth challenges	Growth strategies	Succession planning
Decisions at the time of growth need to be refocused to see the continuity….Leadership needs to really work on transitions (MC1)	-choice of decisions	Growth strategies	Succession planning
Some businesses have also just gone with their owners because they have not moved. So ……the life	Owner dependence	Owner dependence	Leader's personality

expectancy will depend on that and the leader (V1).			
So we've reached a point where I believe we are now ready for the next generation to take it to bigger heights (W1).	Leader's beliefs	Self-awareness	Leader's personality
Businesses that are not growing are busy dying...If you don't have a growth mindset, if you don't have a growth plan, you will die. (S1)	Growth mindset	Growth mindset	Leader's personality
I mean, we have delegated people to do various things. When the leader is not there, these guys are able to continue operating (V1)	Delegation	Delegation	Leadership Style
But one of the challenges that I know is affecting most of us, the main one is poor leadership (V1)	Leadership challenges	Leadership capabilities	Leadership style
Yes, there are times when there are challenges. You know, this aspect of over-taxation has become a big issue, apart from that one raw materials, increased competition (CH1).	Taxation, raw materials, competition	-Taxation -Raw materials -Competition	Industry characteristics
Now as you grow, …. it gets a life of its own. Sometimes even you feel like you're not in control(W1).	Firm size	-Firm size	Operational efficiency
So my biggest challenge is employees……Employees number one, suppliers number two, and rent (MC1)	Financial challenges -employees	Internal challenges	Operational efficiency

Source: Survey Data, 2025

Thematic map relating the final codes and themes to the study variable was generated and allowed the researcher to explain the functioning of the variable in the relationship between democratic leadership and survival of healthcare-based SMEs as shown in Figure 10.

Figure 10:Perceptions on Firm Lifecycle Stages



Source: Survey Data, 2025

Five themes emerged from the discussions held with the respondents on understanding firm lifecycle stages. The themes were labeled as succession planning, leader's personality, leadership style, operational efficiency, and industry characteristics. They were able to highlight important concepts that leaders in healthcare facilities can consider while injecting life into businesses in different stages of their lifecycle with an intention of improving survival rates. The first theme of succession planning was explained by growth strategies, employee development, and cultural beliefs. Succession is a leadership process that facilitates transfer of ownership and management of firms from one generation to the next (Franco *et al*., 2023). The respondents were of the view that deaths of healthcare facilities in Nairobi can be prevented if there are succession plans in place.

Leader's personality was defined by owner dependence cultures, a growth mindset, and self-awareness. The embraced leadership style was defined by leadership capabilities and delegation. The concepts that the respondents attributed to the theme

on operational efficiency were firm sizes and internal challenges. The last theme considered under firm lifecycle stages was industry characteristics. It was defined by concepts touching on taxation policies, raw materials and competition. Environmental dynamism brought about by changes in government policies, uncertainties in supply chains, and competition affect performance of businesses in the SME and healthcare ecosystems (Asaph & Awuor, 2019; Uthamaputhran *et al*., 2021).

In conclusion, the study adopted Creswell and Clark's (2018) two-level guidelines to integrate the two sets of data in order to realize the maximum benefits of explanatory sequential design. The first level of integration was between the phases of analysis of quantitative data and collection of qualitative data during which qualitative questions were developed to explain the patterns observed with the quantitative results. The second level of integration happened after the completion of analysis of qualitative data. The researcher compared the findings of both the quantitative and qualitative data with a view of finding connections from the drawn interpretations and conclusions on how the qualitative findings explained certain quantitative results. The section that follows provides reports of the results and discussions of the quantitative phase and demonstrates how the study applied the second level of integration.

Response Rate Per Category of healthcare Facility

As mentioned earlier, out of the 626 questionnaires distributed, only 538 were returned out of which 482 were used for quantitative analysis. Table 22 presents the response rate per category.

Table 22:Response Rate

Category of Facility	Number of questionnaires distributed per Category	Number of Questionnaires Returned per Category	Response Rate per Category in Percentage
Level 2	310	216	69.7%
Level 3A	178	148	83.1%
Level 3B	84	72	85.7%
Level 4	48	41	85.4%
Level 5	6	5	83.3%

Total	626	482	77.0%

Source: Survey Data, 2025

The response rate per category was 69.7 percent for level 2 facilities, 83.1 percent for level3A facilities, 85.7 percent for level 3B facilities, 85.4 percent for level 4 facilities, and 83.3 percent for level 5 facilities. The best response rates were observed with level 3B healthcare facilities (85.7%), level 4 (85.4%), level 5 (83.3%), and level 3A (83.1%). Level 2 facilities had the lowest response rate of 69.7 percent. This could be attributed to the fact that a substantial number of the facilities under level 2 category lacked well-defined departments and some of the leadership functions were performed by one manager.

Demographic Characteristics of the Respondents

The data that the researcher intended to collect through the research tool composed of gender, age, level of education, the held leadership position, years of tenure with the healthcare facility, years the facility had been in existence, number of employees, and the category of the facility. This was considered important because application of effective leadership in the society is dependent on the extent to which characteristics of individuals in leadership and contexts under which they exercise their leadership practice is understood. The data were analyzed and organized into frequencies and percentages and presented in table form for ease of interpretation. Visual presentation of data in formats such as tables and charts helps the researcher to interact better with the data and easily understand the different ways of integrating the attributes under investigation (Saunders *et al*., 2019).

Gender Distribution of the Respondents

Table 23 represents the response rates based on gender.

Table 23:Response Rate Based on Gender

Gender	Frequency	Percentage
Male	284	58.9%
Female	198	41.1%
Total	482	100%

Source: Survey Data, 2025

The findings were that a majority of the respondents were male with a representation of 58.9 percent whereas the female respondents' representation was 41.1 percent. This implies a majority of leadership positions in healthcare based SMEs in Nairobi County are dominated by men. Although a study done by Akonkwa *et al*. (2021) showed that women are more likely to embrace democratic leadership as compared to men, Oduor (2022) opined that men have more affinity to venture into business because they are better risk takers and have more resilience. This could explain the response rates based on gender. Ironically, this observation was not supported by perspectives of the respondents in the qualitative phase. Respondents W1, S1, and MC1 unanimously agreed that there is no gender that makes better decisions than the other.

The Age Distribution of the Respondents

Table 24 presents the response rates based on the age of the respondents.

Table 24:Response Rate Based on Age

Age Bracket	Frequency	Percentage
Under 25	10	2.1%
Between 25-35	210	43.6%
Between 36-45	174	36.1%
Between 45-55	75	15.6%
Above 55	13	2.7%
Total	482	100%

Source: Survey Data, 2025

From the research findings, a majority of the leaders in healthcare-based SMEs is in the 25-35 age bracket at 43.1 percent, followed by 36-45 age bracket at 36.1 percent, and 45-55 age bracket at 15.6 percent. The facilities were found to have

very few leaders below 25 years of age (2.1percent) and above 55 years of age (2.7 percent). The age differences in an organization's workforce bring about differences in the skills and perceptions displayed by employees toward their jobs and therefore the organizational performance (Bashir *et al*., 2021). Because a majority of the respondents fall under the generation X and Y, the performance of healthcare facilities is likely to be shaped by how well the HR policies support adoption of technology and the degree of independence in assigned tasks (Mckercher, 2023).

The impact of age on democratic leadership practice was further reinforced by the views of a majority of the respondents who were interviewed in the qualitative phase. For example, when asked about young leaders, V1 shared that, "as much as he has the education, but is he or she mature enough? Does he or she have the natural wisdom to handle the rest?". W1 added that, "sometimes, I just think that the younger people do not have that depth, the maturity of making some of these decisions. They just live for the moment". The implication was that ages of the leaders had an effect on the leadership practices and firm performance.

Level of Academic Qualifications of the Respondents

The distribution of leaders in healthcare-based SMEs in Nairobi County depending on their levels of education is shown in Table 25.

Table 25:Highest Level of Academic Qualification

Academic Qualification	Frequency	Percentage
Diploma	171	35.5%
Bachelor	237	49.2%
Masters	56	11.6%
PhD	14	2.9%
Others	4	0.8%
Total	482	100%

Source: Survey Data, 2025

A majority of leaders in the healthcare facilities were holders of bachelor's degrees (49.2 percent) followed by diploma holders (35.5 percent). Leaders with

degrees in Masters contributed 11.6 percent of the respondents whereas, PhD holders were only 2.9 percent. A minority 0.8 percent of the respondents had other academic qualifications such as certificates. A study by Hilton *et al*. (2021) concluded that the level of academic qualification plays an important role in the quality of a survey. More than 50 percent of the respondents were holders of either Bachelor's degrees or Master's degrees which infered that they had a better understanding of the leadership practices and therefore likely to give more accurate responses to the research questions.

The Respondent's Leadership Position in the Healthcare Facility

The distribution of the respondents based on the leadership positions held in the healthcare facilities is summarized in Table 26.

Table 26:Current Leadership Position in the Healthcare Facility

Leadership Position	Frequency	Percentage
Owner/CEO	158	32.8%
Administrator	117	24.3%
Finance Manager	56	11.6%
Manager-clinical services	126	26.1%
Others	25	5.2%
Total	482	100%

Source: Survey data, 2025.

From the research findings, a majority of the respondents (32.8 percent) were the owners or CEOs of the healthcare facilities. The clinical services managers followed with a contribution of 26.1 percent and the administrators at 24.3 percent. Finance managers' contribution was 11.6 percent whereas other leaders such as heads of laboratory and pharmacy departments contributed only 5.2 percent. The study indicates that the business owners and CEOs tend to have better understanding of the leadership and management practices in healthcare-based SMEs and this could explain why more responses were attributed to them.

The Number of Years the Leader has been with the Healthcare Facility

In addition to the above-mentioned respondent characteristics, the research tool also sought to gain more information about the length of service offered by the leaders in those facilities and Table 27 presents the distribution analysis.

Table 27 :Years with the Healthcare Facility

No of Year Worked with Facility	Frequency	Percentage
Below 5	170	35.3%
6-10	146	30.3%
10-15	81	16.8%
Above 15	85	17.6%
Total	482	100%

Source: Survey Data, 2025

According to the study findings, 35.3 percent of the leaders had been with the facilities for less than five years and 30.3 percent for a period between 6-10 years. About 17.6 percent of the respondents had worked with the facilities for more than fifteen years whereas, 16.8 percent had worked for a period between 10-15 years. A majority of the interviewed leaders (64.7 percent) had worked in those facilities for over five years. They were considered to be experienced enough to provide accurate information on leadership practices within the facilities. This proposition is supported by Hilton *et al*. (2021) who consider exposure as critical for gaining leadership skills.

Cross-Tabulation Analysis of Demographic Information

The researcher sought to understand better the demographic information by cross tabulating various response attributes from the participants and observing any emerging patterns that would be important for investigation in the second phase of qualitative data collection. Tables 15, 16, and 17 present a summary of this information.

Cross Tabulation Analysis between Gender and Age of the Respondents

The relationship between distribution of the age and gender of the respondents is summarized in Table 28.

Table 28:Cross Tabulation of Gender and Age Bracket

		Gender		
		Male	Female	Total
Age Bracket	Under 25	3	7	10
	Between 25-35	111	99	210
	Between 36-45	114	60	174
	Between 45-55	52	23	75
	Above 55	4	9	13
Total		284	198	482

Source: Survey Data, 2025

The study findings showed that from the 10 leaders below 25 years of age, 3 were male and 7 were female. Under the 25-35 age bracket, male respondents were 111 whereas female respondents were 99. Similarly, under 45-55 age bracket, male respondents were 52 whereas female respondents were 23. There were 4 male respondents and 9 female respondents above 55 years of age. Male dominance was observed in age brackets between 34-45 and 45-55. Female dominance was observed with leaders below 25 and above 55 years of age. Although a study by Larsson *et al*. (2023) showed preference for young and female leaders in the healthcare system, the qualitative interviews did not offer explanations but highlighted the importance of diversity management for better leadership.

Cross Tabulation Analysis between Gender and Leader's Tenure with the Healthcare Facility

The researcher sought to gather more insights about how the gender of the respondents related to the length of time the respondents had held leadership positions in healthcare facilities. The findings are summarized in Table 29.

Table 29:Cross Tabulation of Gender and Years Respondent has Worked with the Healthcare Facility

		Years with the healthcare facility				
		Below 5	6-10	10-15	Above 15	Total
Gender	Male	98	85	45	56	284
	Female	72	61	36	29	198
Total		170	146	81	85	482

Source: Survey Data, 2025

The study findings showed that male leaders dominated all categories. 98 male respondents as opposed to 72 female respondents had held leadership positions for less than five years. Similarly, in the category of 6-10 years, more male respondents (85) had served in leadership positions as compared to 61 female respondents. The same trend was replicated with 10-15 years and above 15 years of service. The observation made could have been caused by a recruitment process that seemed to favor men therefore, occasioning a longer male employee retention. Ironically, Larsson *et al*. (2023) opine that women have higher chances of being recruited to leadership positions with higher risks especially where organizations are struggling but experience shorter job tenures when compared to men. The SME sector is very volatile and was assumed to explain the observed pattern.

Cross Tabulation Analysis between the Respondents' Age and Leadership Position

The researcher analyzed the relationship between age and the leadership role played by the respondents and presented the outcomes in Table 30.

Table 30:Cross Tabulation of Age Bracket and Current Position Held in the Healthcare Facility

		Current position in your healthcare facility					
		Owner/CEO	Administrator	Finance Manager	Manager-clinical services	Others	Total
Age Bracket	Under 25	1	3	1	4	1	10
	Between 25-35	44	53	20	78	15	210
	Between 36-45	63	46	27	31	7	174
	Between 45-55	43	14	8	8	2	75
	Above 55	7	1	0	5	0	13
Total		158	117	56	126	25	482

Source: Survey Data, 2025

From the study findings, within the below-25 age bracket, each of the leadership positions of owner/CEO, finance manager, and others had only one respondent. Administrators were 3 whereas, the managers under clinical services were 4. Under the 25-35 age bracket, the highest number of respondents was drawn from clinical service managers (78), followed by administrators (53) and owners/CEOs at 44. Finance managers were 20 whereas, other departmental heads were only 15. Owners/CEOs (63) topped the 36-45 age bracket followed by administrators (46) with clinical services managers (31), finance managers (27), and other departmental heads (7) taking the third, fourth, and fifth positions respectively. Under the 45-55 age bracket, owners/CEOs had the majority of respondents (43), whereas the administrators (14), finance managers (8), clinical services managers (8), and other departmental heads (2) followed in that order. For the above 55 age bracket, the majority were owners/CEOs (7) followed by clinical services managers (5) and administrators (1). There was no respondent in the category of finance manager or heads of other departments in the above 55 age bracket.

The general observation was that leadership in healthcare-based SMEs is more concentrated to healthcare professionals. Leaders without medical background such as finance managers do not stay with the organizations into old age. Older

respondents preferred to be business owners as opposed to being employed. A majority of the leadership positions were held by respondents within the 25-35 and 36-45 age brackets.

Cross Tabulation Analysis of Age and Level of Education

To understand if the age of the respondents had any relationship with academic qualification, the research carried an analysis of the two attributes and represented the research outcomes in Table 31.

Table 31:Cross Tabulation of Age Bracket and Respondent's Highest Level of Academic Qualification

		Highest Level of Academic Qualification					
		Diploma	Bachelor	Masters	PhD	Others	Total
Age Bracket	Under 25	7	3	0	0	0	10
	Between 25-35	111	88	9	0	2	210
	Between 36-45	43	105	20	5	1	174
	Between 45-55	9	40	21	5	0	75
	Above 55	1	1	6	4	1	13
Total		171	237	56	14	4	482

Source: Survey Data, 2025

The observations made were that respondents below 25 years of age were diploma (7) and bachelor degree (3) holders. Similarly, a majority of respondents in the 25-35 were diploma and bachelor degree holders with only 9 respondents being holders of master's degrees. The number of holders of master's degrees was higher for respondents in the 36-45 (20) and 45-55 (21) age brackets. For respondents above 55 years of age, there were higher numbers of master's degree (6) and PhDs (4) than any other category. Attainment of higher levels of education requires time and resources and that is why more masters and PhD holders were above 36 years of age. Akonkwa *et al*. (2021) opine that democratic leadership is more embraced by leaders

with higher levels of education because more educated leaders are able to better articulate their expectations and have latitude to work on their own. This however could not be supported by the arguments presented by the respondents in the follow up phase of qualitative data collection.

Cross-Tabulation Analysis of Gender and Respondent's Leadership Role

This level of analysis was done to establish if there was any relationship between the gender of the respondents and the leadership position held in the healthcare facility. The outcomes are represented in Table 32.

Table 32:Cross Tabulation of Gender and Current Position in the Healthcare Facility

		Current position in your healthcare facility					Total
		Owner/CEO	Administrator	Finance Manager	Manager-clinical services	Others	
Gender	Male	116	68	33	58	9	284
	Female	42	49	23	68	16	198
Total		158	117	56	126	25	482

Source: Survey Data, 2025

The study findings showed that a majority of owners/CEOs were male (116) whereas female respondents in this category were 42. A similar pattern was observed with male administrators (68) in comparison to female administrators (49) as well as male finance managers (33) and female finance managers (23). Female leaders only dominated clinical services (68) and in other leadership positions (16). It can be suggested that more men than women are willing to take risks and start new ventures (Odour, 2022). Additionally, male leaders dominated key leadership positions such as hospital administration and finance management. Although Zeler *et al*., (2022) opine that differences in leadership styles exist between male and female leaders, the qualitative findings did not support any obvious outcome observation that would be

attributed to gender disparities. Most of the positions are held by professionals and this may be seen to be the key contributor to recruitment process.

Firm Characteristics

In addition to gathering data related to demographic information of the respondents, the researcher also sought information about the characteristics of SMEs in the healthcare sector. Specifically, the researcher wanted to know the length of time the SME had been in operation, the number of employees, and the category of the SME based on the KMPDC classification. These attributes were important for gathering data about leadership, lifecycle stages, and firm survival. Tables 32, 33, and 34 present a summary of the findings.

Years of Existence of the Healthcare Based SME

The ages of the healthcare facilities from where information was collected are summarized in Table 33.

Table 33:Years the Facility has been in Operation

	Frequency	Percentage
Below 5	112	23.2%
6-10	124	25.7%
10-15	94	19.5%
Above 15	152	31.5%
Total	482	100%

Source: Survey Data, 2025

From the study results, a majority of the healthcare facilities (31.5 percent) were over fifteen years of age. Those between 6-10 years of age were 25.7 percent and those below five years of age constituted 23.2 percent. Facilities aged between 10-15 years had the least contribution (19.5 percent). According to these findings, the

constitution of the sampled healthcare facilities had a good mix of leaders from which key objectives of the study could be investigated. More than 75 percent of the firms had been in existence for over six years. The age of an organization has been positively correlated to its performance (Akonkwa *et al*., 2021). From the perspective of Greiner's Growth Model, age affects attitudes exhibited by leaders and behaviors displayed by employees both of which influence the organizational culture (Kristanti *et al*., 2019).

Number of Employees in the Healthcare-Based SMEs

The researcher aimed to gather information about the number of employees working for each of the sampled SMEs and the outcomes are summarized in Table 34.

Table 34:Number of Employees in the Facility

	Frequency	Percentage
below 10	142	29.5%
10-49	226	46.9%
50-99	60	12.4%
100 & above	54	11.2%
Total	482	100%

Source: Survey Data, 2025

The study outcomes were that a majority of the healthcare facilities had between 10-49 employees (46.9 percent). The category that followed was SMEs with less than ten employees (29.5 percent). Those with 50-99 employees came in the third position (12.4 percent) and those with over one hundred employees constituted only 11.2 percent of the targeted population. The distribution of the attribute of the number of employees enabled the researcher to understand the complexities of firm size and leadership practices across the various firm lifecycle stages. The number of employees was also an indication of the category of the SME based on the KMPDC classification.

Category of the Healthcare Facility Based on KMPDC Classification

The researcher sought to know the category of each of the sampled facilities according to the classification by KMPDC and the results are summarized in Table 35.

Table 35:Category of Healthcare Facility

	Frequency	Percentage
Level 2	216	44.8%
Level 3A	148	30.7%
Level 3B	72	14.9%
Level 4	41	8.5%
Level 5	5	1.0%
Total	482	100%

Source: Survey Data, 2025

The study findings showed that the majority of the sampled facilities (44.8 percent) fell in the level 2 category, followed by those in the level 3A category (30.7 percent). The Level 3B facilities were third (14.9 percent) with levels 4 and 5 contributing 8.5 percent and 1 percent respectively. The existence of facilities at different levels provided information about the firm survival. The observations were that there are more facilities in the lower levels and the number decreased at higher levels. This could be explained by the transition challenges faced by SMEs and possibility of high death rates of enterprises in the healthcare sector.

Cross Tabulation of Attributes of Firm Characteristics

The researcher undertook cross tabulation analysis to shed more light on the firm characteristics and any emerging issues that were considered critical for firming

up the qualitative phase. The cross-tabulation results were presented in Tables 34 and 35.

Cross Tabulation Analysis of Category of Healthcare Facility and the Years of Operation

The researcher attempted to relate the levels to which the healthcare facilities belonged and the years of operation and presented the findings in Table 36.

Table 36:Cross Tabulation of Category of Healthcare Facility and Years of Operation

		Years the facility has been in operation				
		Below 5	6-10	10-15	Above 15	Total
Category of Healthcare Facility	Level 2	87	70	24	35	216
	Level 3A	13	40	48	47	148
	Level 3B	11	9	21	31	72
	Level 4	1	4	0	36	41
	Level 5	0	1	1	3	5
Total		112	124	94	152	482

Source: Survey Data, 2025

A majority of level 2 healthcare facilities (87) had only operated for less than 5 years with only 35 having existed for over 15 years. On the other hand, a majority of level 3A facilities had been in operation for more than ten years. A similar trend was seen with level 3B facilities with the highest number of facilities (31) consisting of those that had been in operation for more than fifteen years. Of the level 4 healthcare facilities, out of 41 facilities, 36 had been in operation for over fifteen years. Out of the 5 level 5 healthcare facilities that were sampled, 3 had existed for over 15 years. The observations made were that the entry point of a number of healthcare facilities is level 2. Through effective management, they survive and grow across the levels to become larger enterprises with a bigger number of employees. As

time advances, the owners and other leaders gain more experience and manage to surmount environmental dynamism challenges which in turn enhances the firm's dynamic capabilities to survive (Saha *et al*., 2021).

Cross Tabulation of Category Analysis of Healthcare Facility and Number of Employees

The researcher sought to gain more insight of the characteristics of the facilities by comparing the category with the number of employees. The findings were presented in Table 37.

Table 37:Cross Tabulation of Category of Healthcare Facility and Number of Employees

		Number of employees in the facility				
		below 10	10-49	50-99	100 & above	Total
Category of Healthcare Facility	Level 2	124	89	3	0	216
	Level 3A	18	113	16	1	148
	Level 3B	0	24	38	10	72
	Level 4	0	0	1	40	41
	Level 5	0	0	2	3	5
Total		142	226	60	54	482

Source: Survey Data, 2025.

A majority of level 2 healthcare facilities employed less that ten staff members (124). A majority of level 3A facilities (113) employed between 10-49 staff. Similarly, a majority of level 3B facilities (38) had 50-99 staff. Under the level 4 category, the highest number (40) consisted of those facilities which had employed over 100 individuals. Of the 5 level 5 healthcare facilities samples, two had 50-99 employees whereas three had over 100 employees. All healthcare facilities from level 3B had ten staff and above. The observations made were that the number of

employees increased with the hierarchical level of the facilities thus inferring firm growth from one level to the next as a result of leadership effort.

Exploratory Factor Analysis

Due to the size of the quantitative data collected from the 482 respondents, the researcher considered it necessary to carry out exploratory factor analysis to simplify the data for a better understanding of the study variables. The exploratory factor analysis technique was chosen because of its unique ability to reduce data with many variables into fewer factors that are easier to understand and interpret. Field (2013) describes factor analysis as a technique with the potential of minimizing data sets into sizes that are manageable without loss of the original information.

The analysis produced various outputs including correlation matrices that showed the relationship between variables, Kaiser–Meyer–Olkin (KMO) and Bartletts test that measured the efficiency of the data, a table explaining total variance and number of extracted variables, component matrices that showed the factor loading for each item, and rotated component matrices that categorized each statement in the questionnaire into different factors. To validate the process, the study relied on Bartlett's Test of Sphericity as well as the KMO statistics (Field, 2013). KMO was applied to assess if the sample size was ideal for factor analysis model whereas Bartlett's Sphericity Measure was applied to test the null hypothesis that, "variables do not correlate in the population" (Loureiro *et al*., 2021). The outcome was a p-value < 0.05 which meant that the variables under consideration had sufficient correlation.

The researcher reviewed all the factor analysis outputs with more attention being paid to the outcomes of rotated component matrices. The rotated component matrix was considered to be the most important table because it provided an overview of the factor extraction analysis process. The rotated matrices clustered specific

statements of the questionnaires into related themes and patterns and provided factor loading for each of the items in relation to the strength it contributed to the extracted factor. All the loadings except one item for integrity were above 0.50 which according to Suriyankietkaew and Kungwanpongpun (2022) were within what is considered significantly practical. Each of the factors was given a new name in alignment with the observed patterns. The summaries of the findings for all the analyzed variables were presented in tables 38, 39, and 40. The summary tables captured the new names of the extracted variables, the number of items per variable, the mean, and the standard deviation.

Table 38:Summary of Extracted Factors of Democratic Leadership

Factor	No of Items	Mean	Standard deviation	Name/label
1	7	4.3465	0.83223	Direction Setting
2	6	4.0616	0.91554	Work Structure
3	6	4.3956	0.81006	Responsibility and Accountability
4	5	4.2766	0.82932	Integrity
5	4	4.1743	0.84899	Teamwork and Collaboration
6	3	4.1452	0.86332	Inclusiveness
7	3	4.2282	0.80976	democratic Communication
8	3	4.0954	0.84457	Concern and care for others

Source: Survey Data, 2025

Table 39: Summary of Extracted Factors of Dynamic Capabilities

Factor	No of Items	Mean	Standard Deviation	Name/Label
1	6	4.1269	0.93824	Situational Analytical Capabilities
2	4	4.083	0.89456	Strategy Development Capabilities
3	4	4.04	0.9143	Strategy Execution Capabilities
4	3	4.1335	0.83825	Market-oriented Capabilities
5	10	4.1269	0.93824	Resource Configuration Capabilities

Source: Survey Data, 2025

Table 40:Summary of Extracted Factors of Firm Lifecycle Stages

Factor	No of Items	Mean	Standard Deviation	Name/Label
1	5	4.2394	0.83622	Periodic size
2	3	3.9786	0.97666	Centralized and Formal Management
3	8	3.6185	1.20943	Delegation
4	8	4.0298	0.91786	Standardization

Source: Survey Data, 2025

Subjection of the questionnaire items of democratic leadership to factor analysis process using Principal Component Analysis method extracted eight factors. Whereas the researcher had initially conceptualized democratic leadership from three dimensions namely democratic leader behavior, democratic workplaces, and democratic stewardship, factor extraction reviewed eight dimensions that the study labeled as direction setting, work structure, responsibility and accountability, integrity, teamwork and collaboration, inclusiveness, democratic communication, and concern and care for others.

Similarly, Principal Component Analysis method for dynamic capabilities resulted in five dimensions as compared to three dimensions that the researcher had originally proposed. The dimensions were labeled as situational analytical capabilities, strategy development capabilities, strategy execution capabilities, market-oriented capabilities, and resource configuration capabilities. The items of firm lifecycle stages resulted in four factors that were labeled as periodic size, centralized and formal management, delegation, and standardization. To support the factor analysis findings, reliability and validity tests of the research tools were also done to confirm their appropriateness.

Reliability Tests

To guarantee high standards of scientific rigor, any research process should be carried out with instruments that are reliable which means they show

consistency under different contexts in bringing out what the researcher intends to measure (Mugenda & Mugenda, 2019). Usually, Cronbach Alpha Coefficient is applied to measure the reliability levels of research instruments (Kashive & Raina, 2024).Suriyankietkaew and Kungwanpongpun (2022) state that Cronbach Alpha Coefficient is a statistic that assesses the internal consistency of the variables being investigated and confirms whether a variable's constituent items describe the same concept. Loureiro *et al*. (2021) opine that the coefficient ranges from 0 to 1 which means a variable's internal consistency is greater when the coefficient is closer to 1. Sekaran and Bougie (2016) set the threshold for instrument reliability at coefficient value of 0.7.

Although the factor analysis process reduced the number of dimensions of the variables, all items of the questionnaire were found relevant and none was excluded on extraction. Reliability tests for the independent, mediating, and moderating variables were done using the reorganized items under the extracted factors. For the dependent variable (firm survival), reliability test was undertaken using the original structure of the questionnaire items. The reliability results of the items of each of the variables indicated that they all had a Cronbach Alpha Coefficient above 0.7 except for one dimension of firm lifecycle stages (moderating variable) which gave a score of 0.663. The researcher considered this inconsequential because the overall score for the moderating variable was 0.907. A study by Yarow *et al*. (2019) considered scores ranging between 0.7 to 0.8 as acceptable and those above 0.9 as excellent. A study by Kashive and Raina (2024) relied on Cronbach alpha scores above 0.6 for the extracted factors. The implication of the findings was that the questionnaire was reliable and therefore likely to give consistent results on repeated use. Table 41 presents a summary of the reliability test outcomes.

Table 41:Summary of Reliability Tests

Name of the Extracted Factor	Empirical Role of Variable	No of Items	Cronbach Alpha Score	Recommendation
Direction Setting	Independent Variable	7	0.909	Excellent and reliable
Work Structure	Independent Variable	6	0.861	Acceptable and reliable
Responsibility and Accountability	Independent Variable	6	0.885	Acceptable and reliable
Integrity	Independent Variable	5	0.818	Acceptable and reliable
Teamwork and Collaboration	Independent Variable	4	0.808	Acceptable and reliable
Inclusiveness	Independent Variable	3	0.796	Acceptable and reliable
Democratic Communication	Independent Variable	3	0.758	Acceptable and reliable
Concern and care for others	Independent Variable	3	0.776	Acceptable and reliable
Democratic Leadership	**Independent Variable (Composite)**	**37**	**0.959**	**Excellent and reliable**
Situational Analytical Capabilities	Mediating Variable	6	0.907	Excellent and reliable
Strategy Development Capabilities	Mediating Variable	4	0.8	Acceptable and reliable
Strategy Execution Capabilities	Mediating Variable	4	0.831	Acceptable and reliable
Market Oriented Capabilities	Mediating Variable	3	0.814	Acceptable and reliable
Resource configuration capabilities	Mediating Variable	10	0.935	Excellent and reliable
Dynamic capabilities	**Mediating Variable (Composite)**	**27**	**0.962**	**Excellent and reliable**
Periodic Size	Moderating Variable	5	0.855	Acceptable and reliable
Centralized and Formal Management	Moderating Variable	3	0.663	Acceptable
Delegation	Moderating Variable	8	0.842	Acceptable and reliable
Standardization	Moderating Variable	8	0.718	Acceptable and reliable
Firm Lifecycle Stages	**Moderating Variable**	**24**	**0.907**	**Excellent and reliable**
Firm Survival	**Dependent Variable**	**19**	**0.92**	**Excellent and reliable**

Overall Reliability Score	**Entire Questionnaire**	**107**	**0.974**	**Excellent and reliable**

Source: Survey Data, 2025

Descriptive Statistics

Descriptive statistics in research assist the researcher to present a summary of the characteristics of the variables of a study. They explain the fundamental characteristics of the collected data in a more meaningful manner (Mugenda & Mugenda, 2019). Visual presentations such as graphs and tables bring out the interrelations of variables and help the researcher to identify new concepts that may have been missed in earlier reviews (Saunders *et al*., 2019). The current study required the respondents to give their opinions on the questions of each of the study variables. The responses presented on a 5-point Likert scale questionnaire were subjected to descriptive data analysis with focus on the measures of central tendency. In particular, mean and standard deviation measures were used to inform the researcher of the characteristics of the study variables under investigation.

The descriptive data analysis process adopted the new set of extracted components for the independent, mediating, and moderating variables which differed to a slight extent from the way they had originally been conceptualized. The new labels given to the extracted components and the corresponding items were presented in tables that simplified the way the data were understood. As mentioned earlier, the dependent variable items were analyzed under the original structure of conceptualization.

In addition to the mean and standard deviation measures for each of the items of the study variables, factor loadings for the items of the extracted components were also analyzed and presented. The factor loading was necessary to show the extent to which the specific items of the variables explained the variance of the extracted

factors. Although Loureiro *et al*. (2021) recommend a factor loading value of 0.5 as the threshold for items that explain a variable, the study adopted all the items including the one item that fell below the threshold. While the statement "there is seamless flow of information from top down and vise verse" under the extracted component of integrity was 0.468 (below the 0.5 threshold), its mean value was 4.166 (SD=0.871) indicating that the respondents considered it to be an important attribute of democratic leadership. Democratic leadership is a participative process (Asiimwe, 2021; Wachira *et al*., 2018) and therefore can only be effective when the communication process between leaders and their followers is founded on principles of integrity. The findings of the analysis are summarized in several tables representing the descriptive statistics and discussed in the sections that follow.

Descriptive Statistics for Democratic Leadership

To gather information on the practice of democratic leadership in healthcare-based SMEs, selected leaders holding different leadership positions were requested to provide their honest opinions on a variety of statements that explained the different dimensions of democratic leadership. The dimensions that were under consideration were democratic leader behaviors, democratic workplaces, and democratic stewardship. The researcher intended to gather information to understand the extent to which democratic leadership was embraced as a leadership practice in the facilities. The descriptive statistical analysis used the eight new extracted factors. The findings capturing the mean and standard deviation scores as well as the factor loadings were summarized in Table 42.

Table 42:Summary of Descriptive Studies for Extracted Democratic Leadership Components

Extracted Dimensions of Democratic Leadership	Items of Questionnaire on Democratic Leadership	N	Mean	SD	Factor Loading
Direction Setting	Top management leads in providing a clear vision of the future	482	4.50	0.77	0.766
	Top management sets clear and achievable goals	482	4.27	0.811	0.759
	Top management provides adequate resources & support for the achievement of the set goals	482	4.392	0.827	0.704
	Managers and supervisors allow flexibility in decision-making	482	4.311	0.879	0.674
	Top management determines standards for evaluating performance in line with the set goals	482	4.386	0.795	0.673
	The management team willingly changes leadership styles to match different situational demands	482	4.219	0.924	0.647
	The management team combines various firm resources and competencies in different ways to accomplish tasks based on the situation.	482	4.239	0.82	0.629
	Sub-Variable Aggregate Score	**482**	**4.347**	**0.832**	**0.693**
Work Structure	Managers give equal opportunities to all members of teams and groups to participate in organizational activities	482	4.062	0.884	0.723
	Managers give equal opportunities to all members of teams and groups to participate in decision-making	482	3.991	0.939	0.649
	Top management harnesses the capabilities of all the employees of the organization	482	4.134	0.875	0.618
	Decision-making is devolved to all levels of the organization	482	4.029	0.965	0.606
	Coordination of tasks is based on formal rules and standard operating procedures	482	4.133	0.865	0.579
	There are no functional barriers among departments	482	4.019	0.966	0.574
	Sub-Variable Aggregate Score	**482**	**4.062**	**0.916**	**0.625**

Responsibility and Accountability	Management has different expectations for each employee based on their area of expertise	482	4.378	0.784	0.719
	Top management emphasizes employees to undertake duties out of own volition and without coercion	482	4.328	0.836	0.629
	Managers and supervisors demand for answers to outcomes of employees' actions	482	4.469	0.785	0.596
	Management freely shares information of what is expected of each member across the whole organization	482	4.353	0.841	0.571
	Top management has spelt out consequences for individual actions	482	4.483	0.821	0.542
	Management requires staff roles to be well defined and aligned with the organizational goals	482	4.363	0.794	0.528
	Sub-Variable Aggregate Score	**482**	**4.396**	**0.81**	**0.598**
Integrity	Management requires employees to be honest and ethical in their actions	482	4.436	0.744	0.724
	Management requires the decision making process to embrace fairness and equality	482	4.347	0.812	0.613
	Management has an established code of conduct that guides the employees' behaviors	482	4.243	0.887	0.612
	Top management promotes team spirit in all levels of organization	482	4.187	0.832	0.532
	There is seamless flow of information from top down and vice versa.	482	4.166	0.871	0.468
	Sub-Variable Aggregate Score	**482**	**4.277**	**0.829**	**0.59**
Teamwork and Collaboration	Top management empowers teams and their leaders to work effectively	482	4.205	0.837	0.787
	Top management encourages employees to apply their skills for the common good of the organization	482	4.249	0.787	0.762
	Managers and supervisors rally all members of teams and groups to work collaboratively	482	4.203	0.813	0.595
	Managers and supervisors delegate part of their authority and responsibility to subordinates	482	4.039	0.959	0.514
	Sub-Variable Aggregate Score	**482**	**4.174**	**0.849**	**0.665**

Inclusiveness	The management team encourages subordinates to give and receive feedback.	482	4.172	0.834	0.764
	The management team encourages subordinates to suggest ways of improving tasks	482	4.162	0.823	0.723
	Managers and supervisors accommodate contrasting views from subordinates.	482	4.101	0.923	0.574
	Sub-Variable Aggregate Score	**482**	**4.145**	**0.863**	**0.687**
Democratic Communication	Communication from the management team is done with respect.	482	4.259	0.798	0.721
	Managers and supervisors listen to the views of subordinates	482	4.141	0.844	0.609
	Communication from top management to others is clear.	482	4.284	0.787	0.594
	Sub-Variable Aggregate Score	**482**	**4.228**	**0.81**	**0.641**
Concern and care for Others	Management decisions consider the needs of employees	482	4.079	0.845	0.767
	Managers and supervisors exercise their authority in a friendly manner	482	4.168	0.807	0.711
	The practiced management style emphasizes strong manager-subordinate relationships	482	4.039	0.882	0.613
	Sub-Variable Aggregate Score	**482**	**4.095**	**0.845**	**0.697**
	Variable Aggregate Score	**482**	**4.215**	**0.844**	**0.65**

Source: Survey Data, 2025

Although each of the statements had varying degrees of loading to the extracted factors, the matrix highlighted only eight clusters of dimensions that consisted of items carrying the highest loading values per cluster. The closer the value of an item's factor loading was to 1, the more it contributed to the dimension (Suriyankietkaew & Kungwanpongpun, 2022). The dimensions that had the highest aggregate values of factor loading were "care and concern for others" (0.697), "direction setting" (0.693), and inclusiveness (0.687). "Integrity" (0.59) and "responsibility and accountability" (0.598) had the least aggregate values for factor loading.

From the study findings, the mean values of the responses to most of the questionnaire statements were above 4 which meant that a majority of the respondents agreed to a high extent with the suggested democratic leadership practices in healthcare-based SMEs. The standard deviation for most of the responses lay between 0.74 and 0.96 which according to the researcher represented a fairly low value. The inference drawn was that the data collected clustered around the mean value and was not widely spread out meaning there was to a high extent convergence in how majority of leaders in healthcare-based SMEs viewed democratic leadership practice in their facilities.

The dimensions with the highest sub-variable aggregate mean values were "responsibility and accountability" (Mean=4.3956, SD=0.81), "direction setting" (Mean=4.347, SD=0.932), "integrity" (Mean=4.277, SD=0.829), and "democratic communication" (Mean=4.228, SD=0.81). The lowest sub-variable aggregate means were found with "work structure" (Mean=4.062, SD=0.916), "concern and care for others" (Mean=4.039, SD=0.882), and inclusiveness (Mean=4.162, SD=0.863). The mean score for all sub-variables were high which meant they were all important for democratic leadership practice.

Descriptive Analysis of Items of Direction Setting. The items that respondents considered very important for "direction setting" in their SMEs were provision of a clear vision (Mean=4.5, SD=0.77), adequate resources for goal realization (Mean=4.392, SD=0.795), and setting standards for evaluation of goal achievement (Mean=4.386, SD=0.795). Equally important were the attributes of flexibility in decision-making (Mean=4.311, SD=0.879), clarity in goals to be realized (Mean=4.392, SD=0.811), and change of style of leadership to match situational demands (Mean=4.219, SD=0.924). The sub-variable aggregate score for direction

setting was high (Mean=4.347, SD=0.832) which meant that the respondents considered it to be a very important dimension for democratic leadership practice within their facilities.

The high mean scores of all the items of direction setting was evidence that the success of healthcare SMEs is not only dependent on a clear and well-articulated vision and adequate resources, but also on flexible leadership styles that set achievable goals and assess their realization. The findings from the interviews of the qualitative phase agreed with what was observed from quantitative data analysis. For instance, CH1 shared that:

> The strategic direction is so critical because employees understand what they need to do, where that thing ought to be done, when it ought to be done, how and when. So setting the strategic direction for the organization as a leader is very critical so that the employees can have a buy-in (CH1).

W1 also supported direction setting as a critical leader behavior for democratic leaders. He stated that, a leader should "keep reminding the team about the direction in which you are going" to ensure focus is not lost. Additionally, ML1 added that:

> By being the CEO or the MD, you also need to share that vision, share that particular direction, and allow feedback, and also evaluate the feedback and say, of course, what is good and what might not work. Flexibility is very important, and again, that is why I say in democratic leadership, you have to appreciate the fact that you cannot be the custodian of all the knowledge.

The findings are evidence that democratic leaders need to provide guidance on the decisions that are made in healthcare facilities. Democratic leadership practices improve the quality and the appropriateness of the decisions and the participative function acts as motivator to employees to contribute and fully support the decisions and the implementation process. This has the potential of increasing employee engagement and productivity and ultimately overall firm performance and survival.

Descriptive Analysis of Items of Work Structure. Work structure was operationalized by six items that were reorganized through the factor analysis method.

The work structure items that according to the opinions of the respondents are embraced most in healthcare SMEs were harnessing the employees' capabilities (Mean=4.134, SD=0.875), presence of formal rules and standard operating procedures (Mean=4.133, SD=0.865), and giving equal opportunities for participation in organizational activities (Mean=4.062, SD=0.884). Work structure items that allowed devolution of decision-making (Mean=4.029, SD=0.965) and eliminated barriers between departments (4.019, SD=0.966) were also viewed as crucial for democratic leadership practice as shown by the high mean scores. The moderate mean score obtained on involvement of all members in decision-making by managers (Mean=3.991, SD=0.939) was interpreted to mean leader's rigidity in involving all employees in decision making despite the organizational design depicting a participative leadership and could be a sign of challenge encountered by healthcare SMEs.

The overall sub-variable aggregate score for work structure was high (Mean=4.062, SD=0.916) which meant high preference by healthcare SME leaders for organizational designs that promote participation, decentralization, and formalization. The interviews that followed the quantitative phase brought two approaches of describing work climate: psychological workspaces and physical workspaces. Similar pattern was evident with the descriptive findings. Respondents V1, W1, O1, S1, and CH1 highlighted how office designs affect information flow within the healthcare facilities which meant the physical spaces impacted decision-making processes. Some of the respondents related the workplace with psychology resulting from how subordinates perceive the work environment to be accommodative and allowing input of their views in the final decisions. Safari *et al*. (2018) concur that work structure is central to the way information flows across departments and within

the team members. Similar argument was advanced by respondent MW1 who shared that:

> So I think it can, it affects and also it sends an image. You see, once you put all offices on the same floor, then people will perceive all of us as equal. When the boss also sits at the high committee and attends meetings, he is also considered as equal. But if you are in a hidden office somewhere, they only see you once in a while... you come in, you go, they will only see you coming out. Then you are a mystery to them and they cannot trust you.

JN1 elaborated this argument by describing such work structure under democratic leadership as "a workplace where everybody feels free to express himself. And as you are saying that everybody even the bosses should be accessible". The inference from both the qualitative and quantitative findings was that, effective practice of democratic leadership in healthcare-based SMEs requires both work structure that removes physical barriers and which psychologically influences the subordinates' minds positively and makes them to feel valued and therefore engaged with the organization.

Descriptive Analysis of Items of Responsibility and Accountability. The responses from the participants showed high levels of agreement with the items that were extracted for responsibility and accountability. To espouse tenets of responsibility and accountability, SMEs require to have spelt out consequences for individual actions (Mean=4.483, SD=0.821), demand for answers to outcomes of employee actions (Mean=4.469, SD=0.785), clearly defined staff roles in relation to the organizational goals (Mean=4.363, SD=0.794), align expectations with each employee's expertise (Mean=4.378, SD=0.784), communicate the expectations of each employee (Mean=4.353, SD=0841), and ensure goals are well defined (Mean=4.363, SD=0.794). The sub-variable aggregate score for the dimension was high (Mean=4.396, SD=0.81) which meant it was an important attribute of democratic leadership that could be adopted by the SMEs.

Thus, effective practice of democratic leadership can be said that it requires employees who are responsible and accountable for their actions and have clear laid down expectations and outlined consequences thereof. Respondent M1 while responding to the question on tenets of stewardship singled accountability as an important value. “I think accountability goes with the sense of responsibility”. Respondent V1 noted that, despite the freedom that is associated with democratic leadership, “it comes a time when you take the responsibility for everything”. To reinforce the importance of being accountable and responsible, respondent MW1 added that, such people “say this will be done and it is done. They do what they say. You can trust…. this will be done”. The observations made therefore meant that healthcare-based SMEs had better chances of adopting democratic leadership in contexts where employees were responsible and accountable and had a clear understanding of their duties and organization’s expectations.

Descriptive Analysis for Items on Integrity. The respondents’ opinions were that integrity was a tenet that is key to the practice of democratic leadership in SMEs as attested by the high sub-variable aggregate score (Mean=4.277, SD=0.829). The five items that operationalized the dimension also had high acceptance from the respondents showing their importance in guaranteeing that integrity is upheld in healthcare SMEs. Integrity was defined by honest and ethical behaviors (Mean=4.436, SD=0.744), fairness and equality in making of decisions (Mean=4.347, SD=0.812), a code of conduct guiding employee behaviors (mean=4.243, SD=0.887), team spirit (Mean=4.187, SD=0.832), and seamless flow of information (Mean=4.166, SD=0.871).

From the responses, the researcher deduced that for effective application of democratic leadership in SMEs, the employees’ behaviors must be guided by certain

values that border on ethics and morality and the leaders must be intentional in establishing a code of conduct that defines how operations are undertaken. The qualitative findings illuminated the same tenets and strengthened the role of integrity in democratic leadership. JN1 explained that:

> Once you have integrity, of course, your moral standards are also high. You are passing goodwill. In such a scenario, you do not need supervision to do what is right……Integrity is first and foremost the most important thing in good governance. Because integrity again comes with a lot of aspects. Because with integrity, there would be no corruption, no stealing, because stealing does not even mean stealing money (JN1).

Likewise, MW1 shared that, "integrity is number one. You know, integrity is everything. I don't think there is anything else to replace it.... Whatever they do, they are not hiding anything. So, they are open. On the same vein, respondent V1 added that, integrity is a virtue that helps leaders and their followers to protect the resources and assets in their disposal for the benefit of the whole system. When embraced in healthcare-based SMEs, it was shown to guarantee fair decisions devoid of favoritism and to infuse altruistic tendencies that promote employee engagement and better firm performance. Sentiments by S1 highlighted the integrity as a tenet of stewardship by stating that:

> Without principles of good stewardship, you will not be able to make decisions at all. And the decisions that you are going to make, I would say, they will not progress institutions. Because you will be making decisions based on personal interests without any sense of responsibility or accountability to anyone.

Descriptive Analysis of Items of Teamwork and Collaboration

Factor analysis extracted four items that showed high mean scores which meant the opinions of the respondents were in support of their application in enactment of democratic leadership in SMEs. The opinions showed that teamwork and collaboration are enhanced when members use their skills for the common good of the organization (Mean=4.249, SD=0.787), empowerment of teams and leaders is

embraced (Mean=4.205, SD=0.837), leaders rally members to work collaboratively (Mean=4.203, SD=0.813), and when authority and responsibility are deliberately delegated to subordinates (Mean 4.039, SD=0.959). The sub-variable mean aggregate was 4.174 (SD=0.959) and this was a testament that teamwork and collaboration are necessary attributes for democratic leadership practice in healthcare SMEs.

The responses highlighted the leader's role in championing teamwork and collaboration through initiatives that promote team empowerment and delegation of authority and responsibility in making critical decisions. Follow up interviews expounding how respondents perceived adoption of team work and collaboration in healthcare SMEs confirmed that these attributes are necessary for application of democratic leadership. Respondent CH1 shared that "we have meetings and gatherings that you can just share information", which meant collaboration was appreciated. Further, Respondent MC1 highlighted that their recruitment processes are deliberate on getting the right team with the needed skills on board which guarantees improved competency. LN1 noted that, "if you are not working together, my good friend, that business will collapse within three years". O1 opined that, to avoid burn out, a manager should train and empower others. Collaboration and teamwork were among psychological work spaces the respondents singled out as necessary for democratic leadership enactment.

Descriptive Analysis of Items of Inclusiveness. The opinions presented by the respondents based on the three items that factor analysis extracted agreed that inclusiveness in healthcare-based SMEs can be enhanced when employees give and receive feedback (Mean=4.172, SD=0.834), are allowed to offer suggestions on ways of improving tasks (Mean=4.162, SD=0.823), and when contrasting views are accommodated (Mean=4.101, SD=0.923). The sub-aggregate mean score for

inclusiveness was 4.145 (SD=0.863) and this was interpreted to mean it plays a critical role in managing SMEs and thus inviting views on leadership approaches that promote its adoption.

Inclusiveness was a democratic workplace operational item that was conceptualized to mean participation in making of decisions and was considered to affect employee job satisfaction and commitment to undertake assigned tasks (Asiimwe, 2021; Hilton *et al*, 2021). When key informants were asked to explain what their understanding of democratic leadership practice in healthcare-based SMEs was, one of the themes that emerged was participation which corroborated the quantitative findings. The informants defined participation with phrases that related to delegation, involvement, consultation, and giving opportunity. For example, respondent LN1 shared that, "as a leader, for my facility to grow, there is a point at which I cannot make any more impact and I need people". Respondent ML1 agreed with the role of participation in leadership by noting that, "in terms of exerting direction and vis a vis performance, the aspect of flexibility and allowing people participation in the setting of that direction is very key". "You know, the disease we have as business people, we take your monopoly of ideas" (MW1). The conclusions drawn were that the healthcare facilities believed in inclusivity as a central pillar for democratic leadership practice.

Descriptive Analysis of Items of Democratic Communication. Analysis of the respondents' opinions based on the three items showed high mean scores which meant that the respondents perceived communication within the SMEs was done with clarity (Mean=4.284, SD=0.787) and with respect (Mean=4.259, SD=0.798), and the leaders embraced a listening attitude (Mean=4.141, SD=0.844). The overall sub-variable mean score for democratic communication was 4.228 (SD=0.81) which was

considered a high score and therefore emphasizing its importance in the views of the respondents on how the SMEs leaders share or receive information.

The hallmark of effective leadership is clear, open, and systematic communication (Zeler *et al*., 2022). Similar argument was advanced by respondents in the second phase of the study. While responding to the question what they thought to be an ideal work climate for democratic communication to take place, communication process emerged as an important attribute that influenced democratic leadership practice. This was supported by the codes that were used to develop the theme namely systematic, open, and two-way communication as well as dialogues. According to respondent S1, "the biggest determinant in terms of democratic stewardship is the total sum of the communication. How free am I to communicate? Do I have fear of being reprimanded"? Similar sentiments were expressed by other respondents. For instance, respondent LN1 stated that, "I have given them channels that they can communicate and air their own grievances. They can "whatsapp me", some can "facebook me", others can call me directly, and others make an appointment" (LN1). Respondent ST1 highlighted that: "communication should be systematic, follow protocol, and show clear channels of communication". Respondent JN1 emphasised the timeliness and clarity of information that is shared within the departments. The process in which communication takes place in healthcare based SMEs was perceived to determine the quality of decisions and the extent to which such decisions align with customer demands.

Descriptive Analysis of Items on Concern and Care for Others. The respondents according to the analyzed opinions felt that leaders in the SMEs under investigation exercised their authority in a friendly manner (Mean=4.168, SD=0.807), the management decisions were considerate of the needs of the employees

(Mean=4.079, SD=0.845), and that there was a strong manager-employee relationship (Mean=4.039, SD=0.882). The sub-variable aggregate score for concern and care for others was 4.215 (SD=0.844) which meant a high level of agreement within the respondents that it is an attribute which is adopted in democratic leadership practice in SMEs.

When asked to describe the kind of democratic leader behaviours that were exhibited by democratic leaders in healthcare-based SMEs, the respondents in the second phase identified supportive behaviours to be very critical. Some of the concepts that were considered to contribute to such behaviors were being considerate, good listener, tolerant, empathetic, sympathetic, relationship builder, and friendly which resonated with the quantitative finds. One of the respondents reiterated that, "if you are not handling their immediate welfare issues, then they may not work, they may not give their best, they may not have 100% production, and in the end you will fall" (V1). These findings and observations by Chepkorir and Yambo (2019) are proof that democratic leadership is enhanced when leaders show care and concern for their followers.

Whereas the team led by Kurt Lewin conceptualized democratic leadership as a collective decision-making process through enhancement of member participation, sincere criticism, and camaraderie (Amini *et al*., 2019), the descriptive statistics on democratic leadership in the current study brought out new dimensions that helped to explain the democratic leadership practice. Direction setting was the first new dimension discussed. Munyao (2021) opines that direction setting is about painting a picture of a desirable future and the leader has a critical role of articulating that future in a manner that attracts the interests of the followers. While drawing the nexus between direction setting and democratic leadership, Wachira *et al*. (2018)

highlighted that effective democratic leadership is about controlling and guiding the process of making decisions while allowing criticism and input from others. Larisch *et al*. (2016) found that leadership that lacks clarity of direction and implementation strategy impedes performance of healthcare facilities. The highest mean of 4.5 realized with the item "top management leads in providing a clear vision of the future" is a clear testament that direction setting is critical for effective democratic leadership. Further, the leader bears the greatest responsibility and the strategies employed to realize the set goals matter.

Responsibility and accountability were also found to be important in democratic leadership practice. For instance, a research by Samie *et al*. (2016) linking clarity of roles to employee efficiency found that clearly assigned employee responsibilities promote organizational and individual efficiency. A study by Zajac *et al*. (2021) in the healthcare sector showed that effective teamwork is realized when members are accountable to the organization and when there are consequences associated with their actions. The need for a responsible and accountable workforce in democratic leadership practices is supported by the high mean scores realized with "spelt out consequences for individual actions (4.483) and "demand for answers to outcomes of employee actions (4.469). Thus, survival rates of healthcare-based SMEs are likely to be enhanced where employees are more responsible and accountable.

The role played by dimensions of integrity and democratic communication cannot be overlooked if survival of healthcare-based SMEs in today's turbulent climate is to be guaranteed. A study by Suriyankietkaew and Kungwanpongpun (2022) identified a leader's ethical behavior to be a critical integrity attribute that promotes sustainability of healthcare based firms. This was corroborated by the high mean scores achieved with items of "honest and ethical behaviors" (4.436), "fairness

and equality" (4.347), and "a code of conduct" (4.243). A study by Mutunga (2022) identified sharing feedback freely, clear chain of command, well defined communication channels as important determinants of good service delivery. This was supported by high mean score of "clear communication" (4.284), communication done with respect (4.259), and listening (4.141). If the liberty and equality advanced by democratic theories are practiced in contexts where leaders have a clear vision and adopt policies that prioritize responsibility, accountability, integrity, and effective communication, then firm survival rates can be enhanced.

The dimensions of work structure, concern and care for others, inclusiveness, and teamwork and collaboration were also important. This was supported by a study by Gichohi (2017) on healthcare oriented-NGOs which found that an organizational structure that adopted democratic management, decentralized systems, and short lines of communication promoted teamwork and sharing of responsibilities. Larisch *et al*. (2016) showed that a lack of involvement and restrictive regulations as hindrances to innovative culture. Carolyn *et al*. (2021) concluded that turnover of nurses in Moi Teaching and Referral Hospital was related to poor working conditions. Democratic leaders in healthcare-based SMEs therefore can be more effective if their organizational structure encourages teamwork, collaboration, inclusiveness and, shows concern for their followers.

Descriptive Statistics for Dynamic Capabilities

To understand the behavior of construct mediating dynamic capabilities, the respondents were asked to express their honest opinion on the extent to which the healthcare-based SMEs had developed certain capabilities over a period of time. Table 43 presents a summary of the descriptive statistical analysis using mean and standard deviation scores for the extracted factors after exploratory factor analysis.

The table also provides the factor loading values for each of the statements in relation to the extracted components.

Table 43:Descriptive Statistics for Dynamic Capabilities

Extracted Dimensions for Dynamic Capabilities	Questionnaire Items for Dynamic Capabilities	N	Mean	SD	Factor Loading
Situational Analytical Capabilities	Analyze the strategic behavior of our competitors	482	4.143	0.918	0.796
	Design strategic responses to our competitors' moves	482	4.13	0.938	0.783
	Understand and meet customer needs	482	4.301	0.794	0.716
	Develop human resource policies for effectively satisfying our customers' requirements	482	4.189	0.912	0.664
	Assess our competitors' human resource systems	482	3.94	1.105	0.646
	Match our human resource practices with the dynamic business climate demands	482	4.058	0.963	0.531
	Sub-Variable Aggregate Score	**482**	**4.127**	**0.938**	**0.689**
Strategy Development Capabilities	Analyze the effectiveness of our competitors' operations	482	3.981	0.972	0.667
	Identify our operational processes that meet our customer expectations	482	4.164	0.798	0.659
	Identify our operational procedures that address environmental demands	482	4.112	0.872	0.632
	Put into use better strategies of operation as compared to our competitors	482	4.075	0.936	0.518
	Sub-Variable Aggregate Score	**482**	**4.083**	**0.895**	**0.619**
Strategy Execution capabilities	Invest in human resource practices that are ideal for 21st century organizations	482	4.052	0.916	0.751
	Apply superior human resource practices in comparison to those of our competitors	482	3.948	0.967	0.706
	Embrace best-practices in human resource development	482	4.025	0.918	0.653
	Develop user friendly operating procedures	482	4.135	0.856	0.586
	Sub-Variable Aggregate Score	**482**	**4.04**	**0.914**	**0.674**
Market Oriented Capabilities	Offer better customer centered solutions than our competitors.	482	4.16	0.817	0.768
	Undertake activities that solve our customer problems	482	4.137	0.835	0.736

	Adopt the appropriate business models in response to market demands	482	4.104	0.864	0.667
	Sub-Variable Aggregate Score	**482**	**4.134**	**0.838**	**0.724**
Resource Configuration Capabilities	Adopt internet based marketing to reach both existing and new customers in real time	482	4.081	0.939	0.752
	Redesign product offering to beat our competitors	482	4.081	0.967	0.717
	Reorganize our human resource policies to satisfy and exceed ever changing customer needs	482	4.079	0.958	0.641
	Develop more innovative strategies to address new customer needs	482	4.122	0.896	0.579
	Digitize our processes to improve coordination and operational efficiency	482	4.363	0.902	0.569
	Adopt best sector operating procedures to enhance operational efficiency	482	4.154	0.899	0.556
	Continuously review our business operations to be better than those of our competitors	482	4.307	0.946	0.545
	Restructure our human resource practices to be superior to those of our competitors	482	4.087	1.001	0.541
	Redesign our operational processes in line with changing market demands	482	4.232	0.95	0.493
	Integrate digital technologies in our human resource practices for promoting transparency.	482	4.16	0.957	0.431
	Sub-Variable Aggregate Score	**482**	**4.127**	**0.938**	**0.582**
	Variable Aggregate Score	**482**	**4.102**	**0.905**	**0.658**

Source: Survey Data, 2025

The research findings on the mediating variable indicated that five dimensions were extracted from the three initially conceptualized dimensions of dynamic capabilities. The aggregate factor loadings for the dimensions were: situational analytical capabilities (0.689), strategy development capabilities (0.619), strategy execution capabilities (0.674), market-oriented capabilities (0.724), and resource configuration capabilities (0.582). The market oriented capabilities had the highest aggregate factor loading, followed by situational analytical capabilities, while resource configuration capabilities had the lowest value. This is explained by dynamic

capabilities theory that considers dynamic capabilities as a firm's potential to develop competitive advantage, grow and survive in the midst of turbulent environments (Teece *et al*., 1997). From the study findings, firms that effectively carry out situational analysis and offer market-driven solutions have higher chances of survival in turbulent contexts.

Based on the opinions gathered from the respondents in regard to the dynamic capabilities that the SMEs had developed over time, the situational analytical capabilities with a sub-variable aggregate mean score of 4.127 (SD=0.938), market-oriented capabilities with mean score of 4.134 (SD=0.838), and resource configuration capabilities with mean score of 4.127 (SD=0.938) were considered to be the most developed dynamic capabilities by the healthcare facilities. Strategy development capabilities with mean score of 4.083 (SD=0.895) and strategy execution capabilities with mean score of 4.04 (SD=0.914) were also important but were less developed as compared to resource configuration, situational analytical, and market-oriented capabilities. Generally, the mean scores were high (variable aggregate score=4.102) and the standard deviation was low (variable aggregate SD=0.905) which meant the SMEs under investigation were viewed to have developed different types of dynamic capabilities.

The items that the respondents agreed with to a high extent on situational analytical capabilities were understanding customer needs (Mean=4.301, SD=0.794), adopting customer aligned HR policies (Mean=4.189, SD=0.912), and analysis of competitor behaviors (Mean=4.143, SD=0.918). The rating for SME's potential to assess competitor HR system attracted a moderate mean score (Mean=3.94, SD=1.105) which inferred that the SMEs lacked sufficient capabilities to sense threats

that were posed by competitor HR policies. HR is the most important firm resource and failure to bench mark with others can spell doom for small enterprises.

From the interviews undertaken in the qualitative phase, there was congruence in the trends that emerged and what had been observed at the quantitative phase. The codes that were developed to define the analytical capabilities were leader's potential to identify challenges and opportunities, understand company weaknesses, and diagnose HR problems. Postulations of Martins (2023) strongly illuminate the importance of developing situational analytical capabilities to promote firm performance.

Excerpts from some of respondents exemplify the development of such capabilities. For example, respondent CH1 demonstrated the existence of opportunity identification capabilities by stating that, "first we realized that there are many Kenyans going outside the country to do those menial jobs so that they can earn a living such as those who are acting as house girls, house managers". Consequently, the facility set up clinics to carry out medical investigations for citizens seeking jobs in other countries. Respondent W1 brought out the potential to identify a suitable location for setting up a business as an important dynamic capability. He emphasized that, "the location is very, very important in terms of bringing out the best. Basically, neighborhoods which are a little bit more affluent, tend to have better purchasing power", and therefore ideal for setting up businesses.

The participative nature of democratic leadership is expected to enhance a firm's analytical capabilities possibly because of decisions that are drawn from individuals with diverse expertise and personalities. This was supported by sentiments by S1 who alluded that,

> Democratic leadership is quite important. It is essential because even in identifying the areas of development and who to develop it, there is a lot of

interaction among individuals who must give their opinions freely and also believe in the development.

Therefore, accurate diagnosis of the resources at the disposal of an organization, the possible threats, and customer demands allow leaders to develop ideal strategies that can promote growth. It is concluded that, the nature of how democratic leadership is practiced in healthcare-based SMEs in Nairobi, Kenya, spells out how such capabilities are developed and how the strategies developed align with market demands and therefore the degree to which such SMEs are likely to thrive under competition.

The items that respondents considered most important for the second set of dynamic capabilities that the researcher labeled as strategy development capabilities were customer-aligned operational process (Mean=4.164, SD 0.798), operational procedures that addressed environmental demands (Mean=4.112, SD=0.872), and better operational strategies than for competitors (Mean=4.075, SD=0.936). The SME's ability to analyze the effectiveness of competitor operations was rated moderate (Mean=3.981, SD=0.972). This could mean the developed strategies may not have considered the operations of competitors and therefore may not have been competitive enough to adequately address market demands.

By looking at the patterns of the responses, the researcher considered strategy development capabilities to be more operational than analytical. This meant that overcoming the identified challenges and capturing the pointed out opportunities in the healthcare facilities required establishment and laying down of succinct plans that guide the direction of the operations to be followed for improved performance. Whereas the quantitative findings highlighted the nature of strategy development capabilities, the interviews during the qualitative phase went further to give detailed explanations. The key informants identified a firm's ability to plan with a view to

capturing the resident opportunities, develop capacity building programs in line with HR needs, and undertake benchmarking activities in comparison with other industry players as important strategies necessary for success. This was captured by JN1's statement:

> So what we try to do in our organization is first of all is to have a plan and then you can put down things like strategic plans and those operations like standard procedures where everybody is supposed to follow. I think they open people up (JN1).

Further, one of the respondents said that, "if you have strategic plans in place and you have a standard operating procedures, you can be well equipped for any changes which may come along" (JN1). Respondent O1 while narrating the strategies that have been instituted to surmount patient traffic challenges highlighted planning as an important strategy that considers when to expect high patient traffic and what needs to be done. Respondent V1 singled out networking with other players in the same industry and "benchmarking, not for the sake of bad competition, but for good competition".

From the suggestions by the various respondents on strategy development capabilities, the researcher was able to conclude that, not only is analysis of the available resources and imminent threats sufficient to infuse competitive advantage, but also establishing of proper plans aligned to such resources to counter the threats. Acosta-Prado and Tafur-Mendoza (2024) propound that sustained performance is guaranteed when firms have dynamic capabilities to plan and generate better use of a firm's resident resources. The healthcare SME leaders were alive to the need of having power to plan and develop strategies based on company needs while infusing democratic practices as critical for firm survival.

The third set of dynamic capabilities were labeled strategy execution capabilities. The items that the respondents agreed with to a high extent were the

adoption of friendly operating procedures (Mean=4.135, SD=0.856), HR policies for 21st century organizations (Mean=4.135, SD=0.856), and the application of 'best practices' in HR development" (Mean=4.025, SD=0,918). While the sub-variable aggregate for strategy execution capabilities was fairly high (Mean=4.04, SD=0.914), the respondents' opinions on the SMEs' ability to apply superior HR practices in comparison to those of competitors were moderately rated. This cast doubt on whether the developed execution strategies considered the role of HR and its strategic role in infusing competitive advantage in operations of organizations.

The quantitative findings illuminated adoption and application as the key words which meant the third set of dynamic capabilities was about strategy implementation after opportunities and challenges identified and growth plans are established. The qualitative findings fully agreed with these findings. The concepts brought out by the key study informants on strategy execution capabilities revolved around firm's ability to have sound implementation actions and recruitment of competent personnel to undertake expansion and marketing programs. The respondents had varying opinions on how such capabilities brought change in the performance of their facilities. For example, respondent CH1 suggested, "engaging competent personnel who are able to articulate and make data-driven decisions that will help the organization to make its own decision about the untapped markets" (CH1). Respondent V1 highlighted marketing programs. "We do outreaches……. free blood pressure, free blood sugar, free consultation, free counselling". When O1 was asked to explain the strategies put in place on realization of growth opportunities, he expounded that:

> We used to see 50 clients, now we are seeing over 100. So you only need to increase the supplies, increase the human resource. Those are manageable challenges. You should not be static. Financials are not challenges, of course, now you negotiate for a wider credit period(O1).

Strategy execution capabilities are exemplified in a study by Páez *et al*. (2022) that identified broad investment decisions, new products and unique distribution channels to be key strategies that firms can embrace to enhance their expansion and marketing programs. The strategies were seen to have the potential of improving firm performance and survival. Implementation of such programs in healthcare-based SMEs require investment in HR development and operational efficiency which can be easily achieved when democratic leadership practices are adopted.

On the dimension of market oriented capabilities, the respondents agreed to a high extent that the SMEs over time have developed better customer-centered solutions than competitors (Mean=4.16, SD=0.817), engaged in activities that solve customer problems (Mean=4.137, SD=0.835), and possessed appropriate market-oriented business models (Mean=4.104, SD=0.864). The study considered the alignment of the solutions rendered to address customer problems to be a critical dynamic capability attribute necessary for navigating SMEs through turbulence.

The qualitative findings explained these observations by singling out some particular aspects that the healthcare facilities had adopted to provide-market oriented solutions to market demands. They included technology integration, infrastructure development, customer oriented solutions, and specialized nursing care. The leaders of the facilities felt that their competitive advantage resulted from investing in services that addressed existing customer needs such as specialized nursing care. Further, the services delivery processes were simplified by investing in modern infrastructure and integrating with technology. JN1 sentiments capture technology integration and gave example of “embracing new methods and modern methods of treating and also testing for diseases”. S1 added that:

> We were forced now to give the market what it needs and that changed our entire concept of how we want to do our business. The more you interact with us, the more you realize we do our things differently.

A study by Mwenemeru and Kihara (2018) concluded that a firm's competitiveness can be enhanced when the leader has capability to combine the different attributes of the generic competitive strategies. The appropriateness of the adopted strategy will be dependent on how well the strategy solves the most pressing customer needs. The leadership style therefore should be flexible to accommodate constant market changes.

The fifth dimension discussed resource configuration capabilities. The main attributes that supported to a great extent the development of the dimension were process digitization (Mean=4.363, SD=0.902), continuous review of business operations (Mean=4.307, SD=0.946), redesigning of operations in line with market demands (Mean=4.232, SD=0.95), integration of technology with HR practices (Mean=4.16, SD=0.957), adoption of best sector operating procedures (Mean=4.154, SD=0.899), and establishing of innovative strategies to address customer needs (Mean=4.154, SD=0.899).

The qualitative phase data related resource configuration capabilities with business model capabilities. The concepts that explained the business models developed by the leaders of the healthcare facilities during the interviews were low-cost strategies, integrated services, collaborations, and dynamic processes. In other words, the healthcare facilities preferred business models that kept the cost of services low, where services were integrated (one-stop shop), where the facilities allowed external and internal collaborations, and where the embraced processes were dynamic and flexible. The excerpts by respondents V1 and LN1 explained this.

> And then finally is what we call cost-cutting strategy. You see now, as much as you want to achieve all this, are you able to realize first areas that you are

> either overspending and necessarily areas that are making you to go down because there are many business models and this is one (V1).
>
> Another thing that I have realized is the integration of services. When I realized if you just put up a pharmacy alone, it will not work. At the same time, a clinic does work alone. You need to have maternal and antenatal clinic, you need immunization, you need family planning. Can this client come and get all our services at one stop shop? (LN1).

According to Teece's (2016) trilogy, configuration capabilities enable a firm to establish the ultimate business models that confer competitive advantage. Drawing from this argument, the researcher was of the view that the explanations advanced by the key informants painted a picture of the ideal business models that enable the researched healthcare-based SMEs to succeed and survive. The preferred models that seemed to be ideal for the sector were those which were seen to embrace dynamic processes, allow collaboration among the stakeholders, and offer integrated and affordable services. To develop such models, innovative culture is inevitable. From previous reviews, effective democratic leadership practice was shown to promote innovation which meant its adoption in healthcare SMEs contributed to development of the business models.

Descriptive Statistics for Firm Lifecycle Stages

The moderating role of firm lifecycles stages was investigated by asking the respondents to indicate their opinion in relation to the extent to which the provided questionnaire statements agreed with the characteristics exhibited by the healthcare facilities. The objective was to observe the leadership practices in different stages of the lifecycle of the healthcare facilities. The findings were summarized in Table 44 using mean and standard deviation scores and also factor loading values of the four extracted factors.

Table 44:Summary of Descriptive Statistics for Firm Lifecycle Stages

Extracted Dimensions for Firm Lifecycle Stages	Questionnaire Items for Firm Lifecycle Stages	N	Mean	SD	Factors Loading
Periodic Size	The number of years our health facility has been in operation seems to have impacted the behaviors of employees of the facility	482	4.106	0.916	0.87
	The number of years our health facility has been in operation seems to have influenced the attitudes of managers of the facility	482	4.089	0.962	0.834
	Throughout our history, we have learned from the experiences the facility has gone through	482	4.274	0.771	0.747
	The range of our products and services seems to have some bearing to the overall success of our facility	482	4.313	0.754	0.663
	The number of employees in the facility has contributed to our overall success	482	4.415	0.778	0.484
	Sub-Variable Aggregate Score	**482**	**4.239**	**0.836**	**0.72**
Centralized and Formal Management	The facility has functional departments tasked with specific activities	482	4.118	0.91	0.754
	Attention is given to product and service creation	482	3.91	0.985	0.742
	Communication is more formal and directive	482	3.911	1.035	0.502
	Sub-Variable Aggregate Score	**482**	**3.978**	**0.977**	**0.666**
Delegation	Communication from top management is less frequent	482	3.637	1.197	0.773
	Top management has little control in the operations of the facility	482	3.583	1.388	0.719
	The facility is facing serious capacity shortage	482	3.542	1.346	0.717
	Employees feel restricted and dissatisfied with the applied management practices.	482	2.755	1.403	0.689
	The management style reflects a bureaucratic way of doing things.	482	3.811	1.139	0.576

	Top management focuses on technical decisions leaving operational decisions to departmental leaders	482	3.898	1.104	0.553
	Communication is mostly from departmental heads	482	4.015	1.068	0.486
	Delegation of responsibilities by top management is common	482	3.797	1.03	0.451
	Sub-Variable Aggregate Score	**482**	**3.619**	**1.209**	**0.621**
Standardization	Training and development of better management skills is prioritized	482	4.257	0.921	0.674
	Management focuses on improving coordination between departmental tasks	482	4.122	0.927	0.646
	Management encourages implementation of new, innovative and novel ideas	482	4.313	0.884	0.642
	Attention is given to the establishment and enactment of standard operating procedures	482	4.147	0.885	0.562
	Teamwork is adopted as quick and efficient mechanisms for problem solving	482	4.23	0.83	0.554
	The range of the customers that we target and serve has contributed to our overall success	482	4.544	0.757	0.512
	Embraced management practice is more flexible and pays attention to employee behavioral differences	482	3.986	0.957	0.465
	Decision-making is solely controlled by the owner	482	2.639	1.181	-0.563
	Sub-Variable Aggregate Score	**482**	**4.03**	**0.918**	**0.436**
	Variable Aggregate Score	**482**	**3.979**	**0.985**	**0.611**

Source: Survey Data, 2025

After subjecting the items of firm lifecycle stages to Principal Component Analysis, four factors were extracted from the original five indicators that the researcher had initially conceptualized. The constituent items of each of the factors were reorganized based on the highest factor loading value. The sub-variable aggregate factor loadings were 0.720 for periodic size, 0.666 for centralized and formal management, 0.621 for delegation, and 0.436 for standardization. According to

the researcher, the dimension of periodic size had the highest impact on firm lifecycle stages whereas standardization was considered to have the lowest impact.

Based on the analysis of responses from the participants, the highest sub-variable aggregate mean score of 4.239 (SD=0.836) came from periodic size whereas the lowest score of 3.619 (SD=1.209) came from delegation. Centralized and formal management had a sub-variable aggregate mean score of 3.978 (SD=0.977), whereas standardization had a sub-variable aggregate mean score of 4.03 (SD=0.918). More leaders agreed with the statements of periodic size and standardization to a higher extent as compared to moderate extent with the statements of centralized and formal management and delegation. In general, the range of the mean score was wider with lowest being 2.639 and highest being 4.54. Standard deviation scores ranged from a low of 0.754 to a high of 1.403 which according to the study meant there was a wide variation of opinions in how the respondents viewed the different attributes of firm lifecycle stages. Either the sampled SMEs or different sections of the SMEs were considered to be in different stages of their lifecycles and this could be the explanation of variation in opinions of the respondents.

The attributes that the majority of respondents agreed with to a large extent on the dimension of periodic size were that the number of employees in the facilities (Mean=4.415, SD=0.778) and the range of products and services offered (Mean=4.313, SD=0.754) contribute to the overall firm success. Additionally, the experience gained by the facilities over time was considered as a learning tool (Mean=4.274, SD=0.771), and that the ages of the facilities influence both the employee behaviors (Mean=4.106, SD=0.916) and the attitudes exhibited by managers (Mean=4.089, SD=0.962). The findings prompted the researcher to seek more clarification in the follow-up phase on what the findings meant for survival of

healthcare facilities. The perspectives that emerged revolved around succession planning, leader's personality, leadership style, operational efficiency, and industry characteristics and were demonstrated to correlate with the quantitative data.

The views of the respondents on periodic size brought out the characteristics of firm size and age as the key factors that affect a firm's operational efficiency. This was through experiences learnt over time during the various business seasons and the leadership styles that are embraced to deal with complexities arising from increment in the growth factors such as the number of employees, number of services, and branch networks. Respondent JN1 during the interviews stated that, past experience gained during the COVID-19 epidemic gave them enough resilience to wade through such seasons thus highlighting the firm age factor. He shared that, "We have gone through the Corona epidemic very well and I think the style of leadership is actually what makes us survive". Respondent W1 expressed fears of loss of control as the business grows in size during which the leader requires to gather sufficient skills to put it on track and sustain the growth. Both quantitative and qualitative findings confirmed that firm age and size are determinants of lifecycle stages. They were shown to be linked to the challenges that affect the transitions across the lifecycle stages. Understanding the two aspects was found to be important because it has a bearing to the leadership style required in each of the stages.

According to the respondents' opinions on centralized and formal management, the most highly rated item was the need for having functional departments tasked with specific activities (Mean=4.118, SD=0.91). Formal and directive communication (Mean=3.911, SD=1.035) and attention to product and service creation (Mean=3.91, SD=3.91) were moderately rated which meant the respondents had mixed opinions on their application in the facilities. The researcher

felt that healthcare SMEs prioritized creation of functional departments but paid less attention to directive and formal communication and product and service development. From previous discussions, democratic leadership has been shown to determine to a certain extent the manner in which decisions are made. Decisions founded on principles of democratic communication find better acceptance with the team members because of the circular and participative nature of the process (Hackman & Johnson, 2013; Wilson, 2020). The qualitative discussions highlighted physical and psychological work spaces as well as communication process to be ideal work climates for democratic communication.

The third perspective that the study linked to the dimension of lifecycle stages was delegation and the opinions gathered from the respondents showed a wide disparity as depicted by the mean and standard deviation scores. Whereas consensus was high on communication within the SMEs being mostly from departmental heads (Mean=4.015, SD=1.068), there was moderate agreement on whether top management focused on technical decisions while leaving operational decisions to departmental heads (Mean=3.898, SD=1.104), the management style was bureaucratic (Mean=3.811, SD=1.139), and whether delegation by top management was common (Mean=3,797, SD=1.03). Further, the respondents did not fully agree that the communication from top management was less frequent (Mean=3.637, SD=1.197) and that the top management had little control in the operations of the facilities (Mean=3.583, SD=1.388). The notion that employees felt restricted and dissatisfied with the management practices had a low score which meant low level of agreement (Mean=2.755, SD=1.403).

The sub-variable aggregate score for the variable was moderate (Mean=3.619, SD=1.209) which was interpreted to mean most of the SMEs did not

fully embrace delegation as a management style and most of the decisions were controlled by top management. The fact that the staff did not feel restricted and dissatisfied with the embraced leadership style, could have been a sign of complacency and satisfied with status quo. From the constructed definition of democratic leadership based on the qualitative findings, delegation was one of the codes used to generate participation as an important theme of democratic leadership. It is a leadership attribute that enhances employee commitment and engagement to assigned tasks (Asiimwe, 2021). Respondent CH1 viewed delegation as an empowerment process that helps employees to "articulate issues that are pertinent to performance, so that they are at par as far as decision-making is concerned". The top leaders in the healthcare SME did not fully embrace delegation therefore affecting the full adoption of democratic leadership practice.

The last aspect that the study used to seek opinions on lifecycle stages was standardization and there was agreement to a high extent with most of the statements. The respondents to a high extent agreed that the range of customers contributed to the overall firm success (Mean=4.544, SD=0.757), management encouraged innovation (Mean=4.313, 0.884), training and skill development was prioritized (Mean=4.257, SD=0.921), solving problems was through teamwork (Mean=4.23, SD=0.83), standard operating procedures were established and implemented (Mean=4.147, SD=0.885), and interdepartmental coordination was considered critical (Mean=4.122, SD=0.927). There was moderate consensus that the embraced management practice was more flexible and paid attention to employee behavior (Mean=3.9686, SD=0.957) but very little agreement on whether decision making was solely controlled by the owner (Mean=2.639, SD=1.181).

The overall sub-variable aggregate score for standardization was high (Mean=4.03, SD=0.918) which meant it was viewed as an important aspect of lifecycle stages that leaders need to consider while managing SMEs. Standardization is achieved through establishing standard operating procedures which are implemented through training and skill development. Further, when operations are standardized, teamwork and coordination are encouraged. On the flip side, with established standard operating procedures, flexibility is limited and innovation may be stifled even when management vouches for an innovative culture. The responses from the interviews of the qualitative phase brought out standardization of operations by establishing proper roles and responsibilities and procedures for undertaking duties as a central democratic stewardship attribute. It was shown to reduce role conflicts and guide how employees conducted themselves in the sampled healthcare facilities.

Greiner's Model of Organizational Growth postulate that, as organizations grow, they encounter phases of evolution characterized by exponential growth and phases of revolution characterized by turbulence and slowed growth rate (Lu & Wang, 2018). To successfully navigate the organizations across the phases, effective leadership skills and leader competencies need to align leadership style with the environment dynamism. The responses from respondents to statements on periodic size, centralized and formal management, delegation, and standardization depict firms exhibiting mixed structural and contextual characteristics. The implication was that different leadership approaches are applied in line to the exhibited characteristics to keep growth trajectory.

Descriptive Statistics for Firm Survival

To understand the performance of healthcare-based SMEs, the researcher requested the respondents to give their opinions regarding various metrics of firm

survival. The items of the variable were not subjected to exploratory factor analysis but were analyzed in their conceptualized form because they measured the actual outcomes and not the respondents' perspectives. The descriptive analysis outcomes were summarized in Table 45.

Table 45:Summary of Descriptive Statistics for Firm Survival

Dimensions of Firm Survival	Questionnaire Items for Firm Survival	N	Mean	SD
Financial Strength	We rarely struggle with stock availability	482	2.745	0.9818
	We always have enough cash to meet our operational obligations	482	3.075	0.8667
	We have a good credit standing with our suppliers	482	3.45	0.8643
	Reputation of the brands of our facility	482	3.786	0.7858
	Growth in the number of customers	482	3.726	0.779
	Growth of market share	482	3.552	0.7481
	Increase in profits	482	3.492	0.7245
	Growth in sales volume	482	3.531	0.721
	Growth in revenue	482	3.494	0.7129
	Sub-Variable Aggregate Score	**482**	**3.428**	**0.798**
Customer Focus	Customer retention rate	482	3.824	0.8182
	Level of reduction in customer complaints	482	3.734	0.8028
	Overall customer focused climate in the facility	482	3.772	0.7988
	Overall customer satisfaction level	482	3.842	0.7845
	Sub-Variable Aggregate Score	**482**	**3.793**	**0.801**
Internal Business Proficiencies	Operational efficiency level	482	3.778	0.7755
	Internal process improvement level	482	3.693	0.7719
	Level of focus on the orientation of processes in the facility	482	3.778	0.7674
	Sub-Variable Aggregate Score	**482**	**3.75**	**0.7716**
Innovation and Learning	Investment in ICT based healthcare infrastructure	482	3.695	0.8749
	Budget provision for human resource development	482	3.544	0.7892
	Prevalence of an innovative culture in our healthcare	482	3.587	0.7856
	Sub-Variable Aggregate Score	**482**	**3.609**	**0.8166**
	Variable Aggregate Score	**482**	**3.645**	**0.7968**

Source: Survey Data, 2025

Analysis of the participants' responses showed that the highest sub-variable aggregate mean score of 3.793 (SD=0.801) was realized with the customer focus dimension whereas the lowest sub-variable mean score of 3.428 (SD=0.798) was

observed with financial strength. The internal business proficiency dimension had a mean score of 3.75 (SD=0.7716) whereas the innovation and learning dimension had an aggregate mean score of 3.645 (SD=0. 7968). The growth of a majority of the healthcare facilities based on the proposed survival metrics was slightly below 20 percent but above 10 percent. Firm growth is a measure of survival and therefore can be applied to determine the extent to which an organization is likely to survive through turbulence. Past studies have shown that a firm's financial strength, business strategies, customer alignment, learning and growth, and endogenous capabilities can be employed to determine its chances of survival (Ahmad *et al*., 2020; Kaplan & Norton, 2007).

One of the concerns that the researcher had was the understanding of the term "firm survival" in the healthcare-based SMEs. From the responses, different perspectives emerged from the qualitative data analysis. They included adaptability, sustainability, thriving, and resilience. For example, respondent CH1 described survival as "the ability of an organization to be flexible and adaptive to the shifting dynamics in business". Respondent O1 used the word sustainability to define survival. Respondent MW1 saw survival as resilience. He added that, "lack of resilience is the main reason why most of the businesses are closing". The responses from respondent MC1 shed more light on the understanding of firm survival and expounded that:

> When you begin a business, we have to see it continue growing and outliving even the owners……. We have to see the business opening doors on a daily basis. So, we have to find ways and means to really make sure that the business is thriving.

The observed patterns from the responses on firm survival pointed to a concept that encapsulates a continuous set of steps and processes that enable organizations to develop the right capabilities to cope with environmental dynamism and grow. The observations agree with the original study conceptualization of

survival as a time dependent concept during which organizations experience growth through acquisition of skills, experiences, and resources that confer competitive advantage (Adam & Alarifi, 2021; Perkins & Khoo-Lattimore, 2020; Rahman *et al.*, 2022). Further, the observations justified the use of factors of growth such as financial strength, customer focus, operational efficiency, and learning and innovation as measures of firm survival.

From the participants' responses, a majority of the financial strength measurement items were moderately rated which meant for better survival to be realized, then more effort was needed. For instance, the respondents felt that the SMEs perform moderately in the following areas: reputation of the brands of the facilities (Mean=3.786, SD=0.7858), growth of customers (Mean=3.726, SD=0.779), growth of market share (Mean=3.552, SD=0.7481), growth in sales volume (Mean=3.531, 0.721), growth in revenue (Mean=3.494, SD=0.7129), increase in profits (Mean=3.492, SD=), credit standing (Mean=3.45, SD=0.8643), and cash flow (Mean=3.075, SD=0.8667). The statement that the facilities rarely struggle with stock availability had a mean score of 2.745 (SD=0.9818) which meant at times the facilities lacked sufficient finances to procure stocks. The observations resonated with those of Reynolds *et al*. (2019)'s study undertaken in South African that identified revenue turnover, cash flow, cost of credit, and stock turnover as measures for a firm's survival and success rate.

Similar concepts emerged from discussions with respondents at the qualitative stage. When asked how they assessed performance of their facilities, the respondents used terms such as revenue collection, bottom line, profitability, cash flows, and reputation. Although financial strength items have been viewed to be the most commonly used measures of firm survival, the qualitative responses gave mixed

findings. For example, respondent W1 shared that, “the biggest one is of course the bottom line. Respondent V1 rated revenue collection as the number two whereas customer focus as number one. W1 added that, “I built this practice mostly by word of mouth, by referrals”, which meant reputation was key to the success of his facility. From the responses, both the quantitative and qualitative findings put the financial strength as an area of concern for healthcare facilities and more is required for improvement of their survival rates. This was underscored by respondent S1 who noted that, “of course profits will affect cash flows because you cannot survive on debt”.

On the customer focus dimension, customer satisfaction level had a mean of 3.842 (SD=0.7845), customer retention rate (Mean=3.824, SD=0.8182), level of customer focus climate (Mean=3.772, SD=0.7988), and level of reduction of customer complaints (Mean=3.734, SD=0.8028) respectively. Though the overall sub-variable aggregate mean for customer focus was 3.793, slightly better than that of financial strength, the respondents felt that the SMEs’ customer focus was moderate and more was required to be done to guarantee better survival rates.

Respondent V1 rated customer care and satisfaction as a number one measure of firm performance. He highlighted quick and good service as critical. Respondent ML1 singled out turnaround time to be very important. “Is your patient staying for long hours before being attended”? Respondent MC1 emphasized giving the right service and building good customer relationships as important factors that lead to customer satisfaction in any customer service oriented industry. Healthcare industry is service oriented and patients will seek treatment where they feel providers pay attention to them. With quality services, customer trust and loyalty are built and the chances of improved performance are registered. Ahmed and Alsafadi (2021) opine

that reasons why businesses are started is to satisfy customer needs and this school of thought places customer focus at a vantage position as far as firm survival in the healthcare sector is concerned.

The assessment of the respondents' opinions on the internal business proficiencies dimension showed that operational efficiency level was rated at a mean score of 3.778 (SD=0.7755), focus on orientation of processes (Mean=3.778, SD=0.7674), and level of internal process improvement (Mean=3.693, SD=0.7719). The inference was that internal operations of many healthcare-based SMEs are not very efficient because there is less focus on the orientation and improvement of processes in alignment with customer demands. According to Kaplan and Norton (2007), internal business proficiencies comprise processes that an organization develops to satisfy customer demands. Respondent ML1 described them as "the mechanisms that you are putting in place to ensure that some of the processes are efficiently taken care of, things like discharge……. the lab tests".

A majority of respondents from the sampled healthcare facilities gave different opinions on the approaches that were embraced in their facilities and that could be considered as key measures of firm survival. Respondent O1 identified product availability as a number one priority that ensured patients got all their services from one place. The same issue was raised by respondent ST1 who shared that, "sometimes you want to prescribe something right, but when you check at the pharmacy, that product is not there. …….. that will make that environment very unconducive". Respondent CH1 identified technology adoption. "Our operations are normally paperless and this has made them better, easier and faster". The respondents had clear understanding of the processes that determined their success although the quantitative findings did not show full realization of the intended goals. Improvement of internal

business processes leads to superior firm performance (Bawaneh, 2019; Dlamini *et al*., 2020)

The rating of the last indicator of firm survival, namely innovation and learning, showed similar trends. Investing in ICT based healthcare infrastructure had a mean of 3.695 (SD=0.8749) whereas prevalence of an innovative culture had a mean of 3.587 (SD=0.7968). The indicator of budget provision for HR development had a mean of 3.544 (SD=0.7892). As indicated, the overall sub-variable aggregate mean for innovation and learning was rated as moderate (Mean=3.645, SD=0.7968) which implied the adoption of innovation and learning as a means of sustaining firm growth and survival has not been fully embraced in healthcare SMEs in Nairobi therefore minimizing chances of their survival.

The perspective of the qualitative findings underscored the adopted HR policies and development of an innovative culture as the areas of focus that the leaders in the healthcare facilities considered. Respondent S1 shared that, retaining the best employees helps to keep institutional memory because such staff have better understanding of the SME's operations. Respondent W1 opined that, the biggest challenge faced by SMEs in the healthcare sector is dealing with human beings and systems. Addressing such challenges has the potential to improve firm performance. Respondent O1 explained that, "being innovative in terms of the technology and structure closes the issue of decline". The observations made agree with past researches that viewed learning and innovation perspective to be about people, procedure, and systems (Asiimwe, 2021; Bawaneh, 2019), and therefore better performances can be realized when there are intentional efforts to change how they interact.

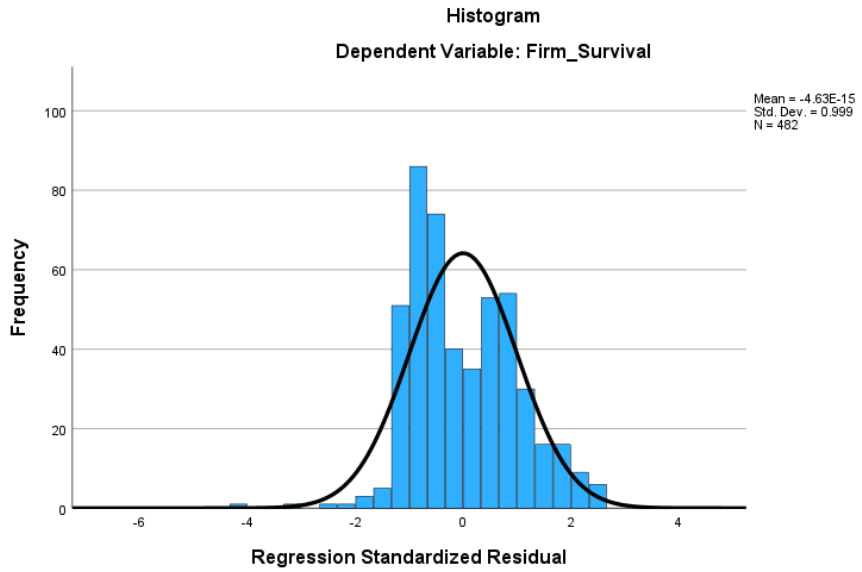
From the foregoing discussion on firm survival, the observations made from the findings of both quantitative and qualitative phases resonated with the school of thought of the BSC model which is considered a performance measurement instrument focusing on both financial and non-financial data (Bawaneh, 2019; Dudic *et al*., 2020). BSC informs businesses on needs for daily decision-making process and determining drivers of success which mean the findings were measures of survival of the sampled SMEs. The overall aggregate score for firm survival was 3.645 and a standard deviation of 0.7968. The conclusion drawn was that the respondents agreed that their healthcare facilities had achieved between 10-20 percent in growth based on the applied survival metrics. According to the researcher, the achievement was moderate and the various measures can be adjusted to improve the survival rates of the healthcare facilities.

Diagnostic Tests

Scientific research projects require diagnostic tests to be undertaken before inferential data analysis. Field (2013) points out that regression analysis is subject to various sources of bias and therefore it is critical to consider several assumptions related to the data to be analyzed. Diagnostic tests help the researcher to understand how the regression model aligns with the data and how best it can be beneficial to the research process. Such tests confirm whether collected data fit assumptions of analytical techniques for inferential statistics and should be performed before multiple regression is carried out (Kothari, 2004). The particular diagnostic tests that were performed in this study were normality, linearity, multi-collinearity, and sampling adequacy tests.

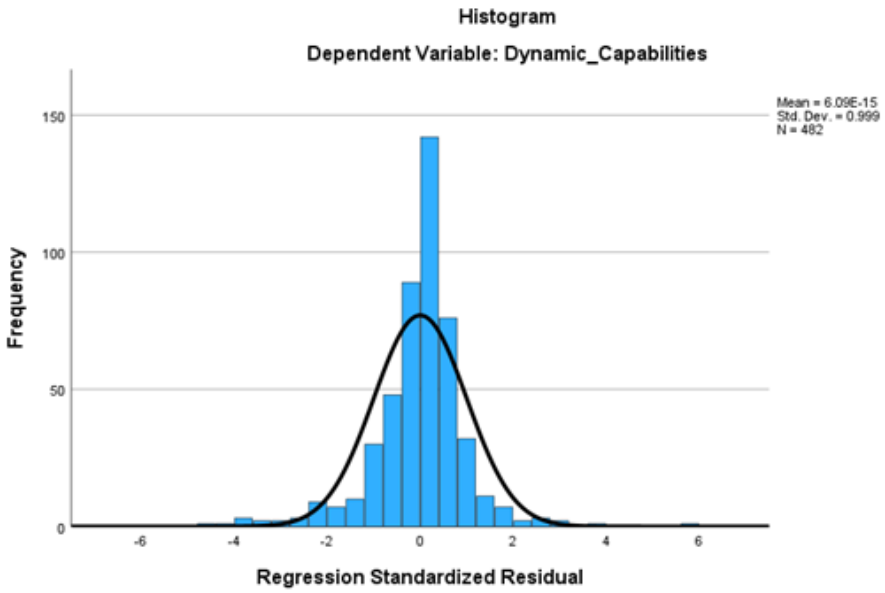
Normality Test. Different approaches are proposed in literature for testing normality but none is considered to be the most appropriate (Kim, 2013). Usually, a

majority of parametric tests assume normal distribution of the dependent variable for all categories of the independent variable. The current study employed recommendations by Orcan (2020) of using graphical methods specifically histograms to test for normality assumptions. The regression standardized residuals were plotted against the predicted values and the results presented in form of histograms as shown in Figures 11,12, and 13. **Figure 11 :Histogram for Regression Standardized Residuals for Democratic Leadership and Firm Survival**



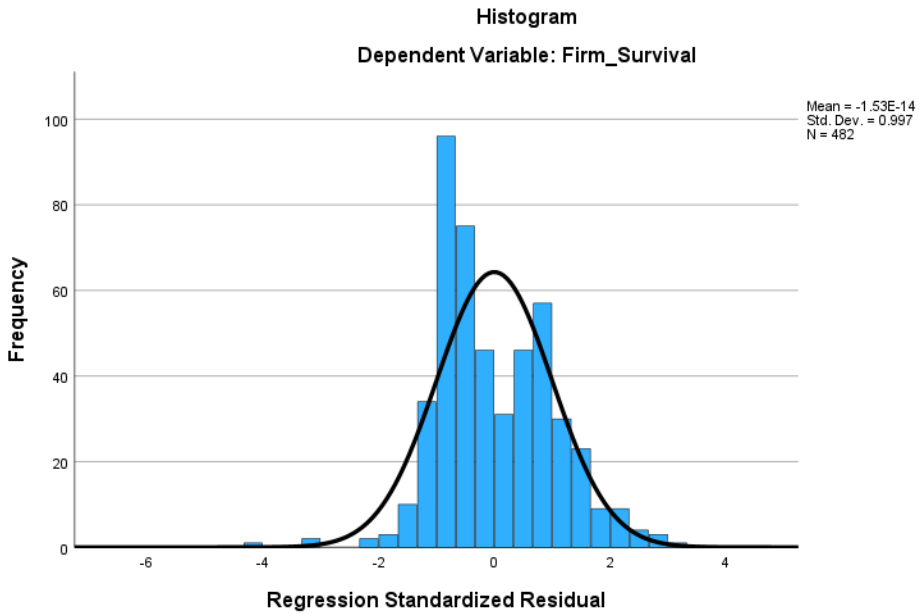
Source: Survey Data, 2025

Figure 12:Histogram for Regression Standardized Residuals for Democratic Leadership and Dynamic capabilities



Source: Survey Data, 2025

Figure 13:Histogram for Regression Standardized Residuals for Firm Lifecycle Stages and Firm Survival



Source: Survey Data, 2025

There was sufficient evidence that the data collected from the samples were from a population that demonstrated normal distribution properties. These findings

are consistent with Field (2013)'s recommendation of a bell-shaped curve as a pictorial representation of normally distributed data.

Linearity Test. This test is done to confirm the direction and strength of the relationship between a pair of variables (Schober *et al.*, 2018). The current study used Pearson's Correlation Coefficient (r). According to Saunders *et al.* (2019), the coefficient ranges between 1 and -1 meaning some of the scores obtained show a positive correlation and others a negative correlation. From the results presented in Table 46, there was significant linear relationships between firm survival and democratic leadership (composite independent variable), integrity, teamwork and collaboration, democratic communication, concern and care for others, and dynamic capabilities at P<.05 level of significance. Although direction setting, work structure, responsibility and accountability, inclusiveness, and firm lifecycle stages had positive correlations with firm survival, the relationship was not statistically significant.

Table 46:Correlation Analysis for Democratic Leadership, Dynamic Capabilities, Firm Lifecycle Stages, and Firm Survival

Variable	Statistic	Firm Survival
Firm Survival	Pearson Correlation	1
	Sig. (2-tailed)	
	N	482
Democratic Leadership (composite)	Pearson Correlation	.126**
	Sig. (2-tailed)	0.005
	N	482
Direction Setting	Pearson Correlation	0.005
	Sig. (2-tailed)	0.916
	N	482
Work Structure	Pearson Correlation	0.078
	Sig. (2-tailed)	0.087
	N	482
Responsibility & Accountability	Pearson Correlation	0.054
	Sig. (2-tailed)	0.234
	N	482
Integrity	Pearson Correlation	.154**
	Sig. (2-tailed)	0.001

	N	482
Teamwork & Collaboration	Pearson Correlation	.100*
	Sig. (2-tailed)	0.028
	N	482
Inclusiveness	Pearson Correlation	0.082
	Sig. (2-tailed)	0.071
	N	482
Democratic Communication	Pearson Correlation	.185**
	Sig. (2-tailed)	0.000
	N	482
Concern & care for Others	Pearson Correlation	.137**
	Sig. (2-tailed)	0.003
	N	482
Dynamic Capabilities	Pearson Correlation	.237**
	Sig. (2-tailed)	0.000
	N	482
Firm Lifecycle Stages	Pearson Correlation	0.049
	Sig. (2-tailed)	0.284
	N	482

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

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

Source: Survey Data, 2025

Despite some of the factors of democratic leadership not showing linearity, the researcher was of the view that the linearity test outcomes were sufficient to carry out the inferential statics because the composite dimension of democratic leadership showed linearity with firm survival. Based on recommendations by Schober *et al.* (2018) that variables can be transformed further when the assumptions are violated and the opinion by Oduor (2022) that correlations do not necessarily translate to a causal relationship, the researcher went ahead to carry out regression analysis so as to assess the strength of the associations.

Multi-Collinearity. Multi-collinearity according to Oke *et al*. (2019) describes the occurrence of perfect correlations between the predictor variables. Multi-collinearity can cause challenges with the estimation and interpretation of correlation coefficients (β). One approach recommended for testing the presence of multi-collinearity is to use Variance Inflation Factor (VIF) and Tolerance. Field

(2013) opines that when the observed VIF values of the explanatory variables are greater than 10, there is a likelihood of multi-collinearity and therefore higher chances of faulty study outcomes. Values below 5 are considered to be more ideal. Tolerance is the inverse of VIF and therefore chances of correlation increase when the values of Tolerance are below 0.1. The VIF and Tolerance analysis results are summarized in Table 47.

Table 47: Summary of Multi-Collinearity Test Analysis

	Collinearity Statistics	
Variable	Tolerance	VIF
Direction setting	0.364	2.75
Work Structure	0.372	2.685
Responsibility and Accountability	0.323	3.096
Integrity	0.391	2.556
Teamwork and Collaboration	0.521	1.92
Inclusiveness	0.557	1.794
Democratic Communication	0.533	1.878
Concern and Care for Others	0.547	1.829
Dynamic Capabilities	0.295	3.395
Firm Lifecycle Stages	0.362	2.76

Source: Survey Data, 2025

The observed respective VIF and Tolerance values for the various variables were: direction setting (2.75;0.364), work structure (2.685;0.372), responsibility and accountability (3.096; 0.323), integrity (2.556; 0.391), teamwork and collaboration (1.92; 0.521), inclusiveness (1.794; 0.557), democratic communication (1.878, 0.533), concern and care for others (1.829, 0.547), dynamic capabilities (3.395; 0.295), and firm lifecycle stages (2.76; 0.362). The results of the observed VIF and Tolerance values for the various predictor variables were below 10 and above 0.10 respectively inferring the absence of multi-collinearity between the predictor variables.

Test for Sampling Adequacy. Oduor (2022) opines that the responses obtained in each of the sections of a quantitative tool should be adequate for the findings of the inferential statistical analysis to be devoid of bias. Sampling adequacy according to a study by Loureiro *et al*. (2021) is tested using Kaiser–Meyer–Olkin (KMO) measures that range between 0 and 1. The threshold for KMO's measures is 0.5 and better study outcomes are obtained with measures that are closer to 1. The KMO measures for all the items in each of the sections of the questionnaire are summarized in Table 48.

Table 48:Summary Table of KMO Tests Statistics

Variable	KMO Tests Statistics
Democratic Leadership	0.938
Dynamic Capabilities	0.945
Firm Lifecycle Stages	0.897
Firm Survival	0.934

Source: Survey Data, 2025

The findings were that the KMO measures for all statements describing the study variables in the structured questionnaire were above the threshold of 0.5. The fact they all edged closer to the 1 measure was adequate evidence of their adequacy for quantitative data analysis.

Hypotheses Testing

Hypotheses testing is undertaken to confirm if the observations made with the sample data can be extrapolated to the entire population with minimal error. A common approach that is used to test hypotheses is regression analysis which according to Sekaran and Bougie (2016) is considered a statistical procedure for assessing the relationship between study variables. When the analysis of the relationship is between one independent variable and one dependent variables, it is referred to as a linear regression analysis. When the analytical process involves relationships between a dependent variable and more than one independent variable, it

is referred to as multiple-linear regression analysis (Saunders *et al*., 2019). The study adopted multiple linear regression model to identify the components of democratic leadership that were simultaneously related with firm survival and used to estimate the effect of each component on the dependent variable. Cooper and Schindler (2014) state that multiple linear regression is ideal for researches that adopt more than one independent variable thus, the justification for choice of the model.

The focus of the study was to test five hypotheses. The first three hypotheses tested the direct relationship between democratic leader behavior, democratic workplaces, and democratic stewardship and the survival of healthcare-based SMEs in Nairobi County. The fourth and fifth hypotheses tested the mediating and moderating effect of dynamic capabilities and firm lifecycle stages on the relationship between democratic leadership and survival of healthcare-based SMEs respectively. Presentation of the results of multiple regression analysis adopted an approach proposed by Ebuzoeme (2023) that used three tables, namely; the model summary table, ANOVA table, and coefficients summary table. The model summary table provided information that explained the proportion of variance of firm survival caused by the predictor variables. ANOVA table provided information that confirmed the statistical significance of the regression model, in other words model good fit. The regression coefficients summary table provided unstandardized and standardized beta coefficients that weight the significance of each predictor variable.

The variation in the dependent variable caused by the predictor variables was assessed using the coefficient of determination also called the R square (Wachira *et al*, 2018). R square values range from 0 to 1, with the value of 1 denoting a perfect match. Statistical significance of the model was tested using p-values of F statistics. Significance was confirmed when observed p-values were below 0.05 (Field, 2013).

The values of the standardized beta coefficient provided the strengths of the relationship between the predictor variables and SME survival (Ebuzoeme, 2023). As mentioned earlier, the researcher adopted a factor analysis technique that extracted new components of democratic leadership, dynamic capabilities, and firm lifecycle stages. The direct effect of the extracted components of democratic leadership on the survival of healthcare-based SMEs was tested by regressing them with firm survival. The findings are presented in Tables 49, 50 and 51.

Table 49:Model for Regression of Components of Democratic Leadership and Firm Survival

Model Summary

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	.279[a]	.078	.062	.49551	.078	4.996	8	473	<.001	1.393

Source: Survey Data, 2025

The Adjusted R Square for the relationship between the components of democratic leadership and survival of healthcare-based SMEs was 0.062, which meant that 6.2% of the variation in survival of healthcare-based SMEs in Nairobi County was explained by the components of democratic leadership. The implication was that 93.8% of the variation in survival of healthcare-based SMEs could be accounted by other variables not considered in the model.

Table 50:ANOVA Summary for Components of Democratic Leadership and Firm Survival

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.814	8	1.227	4.996	<.001[b]
	Residual	116.137	473	.246		
	Total	125.951	481			

Source: Survey Data, 2025

The findings on Table 50 showed that the F statistic is 4.996 with a p-value <.001. The calculated F statistic was higher than the critical F value of 2.4038 and the p-value was below 0.05 (level of significance), which meant the adopted model was a good fit for the data and therefore could be employed to predict how the components of democratic leadership influenced survival of healthcare-based SMEs in Nairobi County.

Table 51:Coefficients for Democratic Leadership Components when Regressed with Firm Survival

Correlation Coefficients

Model	Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.977	0.185		16.133	<.001
	Democratic Leader Behavior (Direction Setting)	-0.155	0.052	-0.203	-2.949	0.003
	Work Structure	-0.048	0.051	-0.066	-0.932	0.352
	Responsibility & Accountability	-0.09	0.058	-0.114	-1.548	0.122
	Democratic Stewardship (Integrity)	0.17	0.057	0.21	2.992	0.003
	Teamwork & Collaboration	0.055	0.046	0.073	1.201	0.23
	Inclusiveness	-0.016	0.041	-0.023	-0.396	0.692
	Democratic Workplaces (Democratic Communication)	0.158	0.047	0.205	3.39	<.001
	Concern & Care for Others	0.077	0.043	0.106	1.782	0.075

Source: Survey Data, 2025

The findings in Table 51 highlighted the beta coefficients for the extracted components of democratic leadership and allowed the researcher to directly compare the effects of each of the components and determine their levels of influence on the survival of healthcare-based SMEs. Additionally, the p-values and t-statistics for each of the extracted components were used to confirm statistical significance. Out of the eight extracted components of democratic leadership, only three were significant and these were the ones used for hypotheses testing. They included direction setting with

β =-0.203 (t=-2.949, p<0.05), integrity with β =0.21(t=2.992, p<0.05), and democratic communication with β =0.205 (t=3.39, p <0.05). The three components had p-values less than 0.05 and t-statistic above the critical value of 2.776.

Work structure, responsibility and accountability, teamwork and collaboration, and inclusiveness were not statistically significant and therefore, not used for hypotheses testing. The study objective was to explain if adoption of democratic leadership in healthcare SMEs had a contribution to their survival which meant the findings would help in making recommendations for policy and future research. Statistical significance denotes that observed outcomes do not happen by chance but as a result of the effects of certain factors (Hernandez, 2025) thus justifying the exclusion of the statistically non-significant components of democratic leadership for hypotheses testing. Inclusion of such components would likely introduce measurement errors and make the findings unreliable.

The study was conceptualized to address the weaknesses found in the "Lewinian Classic Democratic Leadership Model" and other proposed improvements that could not adequately explain the link between democratic and leadership theories. Understanding the functioning of the three conceptualized dimensions of democratic leadership was considered to be a panacea for the identified theoretical gap. The study adopted the postulations of situational leadership approach which linked democratic leader behaviors to forces employed by the leader to cause influence, democratic workplaces to contextual forces, and democratic stewardship to forces from the followers (Uchenwamgbe, 2013). Effective democratic leadership requires intentional leader behaviors that influence the followers (Nedelko & Potocan, 2021), a work climate that is conducive for followers to freely express themselves and participate in

decision making (Johansson & Ärlestig, 2022), and follower attributes that infuse willingness to take responsibility for the benefit of all stakeholders (Asiimwe, 2021).

To link the original three conceptualized dimensions to the new extracted components of democratic leadership, the researcher highlighted the items with high loading values for the extracted components and compared them with the original dimensions. Hypotheses testing was carried out only with the three statistically significant components of direction setting, democratic communication, and integrity. The items associated with direction setting were linked to democratic leader behaviors, those for democratic communication were linked to democratic workplaces, and those related with integrity were linked to democratic stewardship. Thus, the first hypothesis relating democratic leader behaviors to firm survival adopted extracted items of direction setting, the second hypothesis relating democratic workplaces to firm survival adopted extracted items of democratic communication, and the third direct hypothesis relating democratic stewardship to firm survival adopted extracted items of integrity. The regression equation used to predict the influence of various components of democratic leadership on firm survival was summarized in the following form;

$$Y=2.997-0.203X_1 + 0.205X_2 +0.21X_3$$

Where

Y=firm survival

X_1=Democratic Leader Behavior

X_2=Democratic Workplaces

X_3=Democratic Stewardship

From the regression model, the survival of healthcare-based SMEs in Nairobi County, Kenya is equal to 2.997 when all factors (democratic leader

behaviors, democratic workplaces, and democratic stewardship) are held constant. Further, firm survival decreases by 0.203 units for every one-unit increase in democratic leader behaviors that relate to direction setting when other predictor variables are held constant. When all other predictor variables (democratic leader behaviors and democratic stewardship) are held constant, firm survival increases by 0.205units for every one-unit increase in democratic workplaces that relate to democratic communication. Likewise, by holding other predictor variables constant (democratic leader behaviors and democratic workplaces), firm survival increases by 0.21 units for every one-unit increase in democratic stewardship elements that relate to integrity.

Overall, the strength of the relationship between democratic workplaces and democratic stewardship with survival of healthcare-based SMEs respectively were low and almost the same (0.205 and 0.21) and their directions were positive. The strength of the relationship between democratic leader behaviors and the survival of healthcare-based SMEs also had a low value (-0.203), but the direction was negative. Creswell (2013) categorizes correlation coefficients below 0.29 as weak, those ranging between 0.30 and 0.49 as moderate, those ranging between 0.50 and 0.69 as strong, and very strong for coefficients above 0.70. The three hypotheses testing the direct effects between the independent variables and the dependent variable are discussed in the section that follows.

Effect of Democratic Leader Behaviors on Firm Survival

The first specific objective of the study was to investigate the effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding hypothesis (**$H_0$1)** expressed in null form proposed that there was no significant effect of democratic leader behaviors on the survival of

healthcare-based SMEs in Nairobi City County, Kenya. The findings as presented in Table 37 indicated a standardized beta coefficient of β =-0.203 and p-value of 0.003. Consequently, the null hypothesis was rejected because the p-value was less than 0.05. The inference was that democratic leader behaviors have a significant statistical effect on the survival of healthcare-based SMEs in Nairobi City County. Further, the effect was negative which meant increment of democratic leader behaviors resulted in decrease in survival of healthcare-based SMEs.

The hypothesis focused on how democratic leader behaviors relating to direction setting as a constituent element of democratic leadership affect the survival of healthcare-based SMEs in Nairobi County. The researcher concluded that democratic leader behaviors relating to direction setting have a significant negative statistical effect on survival of healthcare-based SMEs in Nairobi County. Even though the mean values for the constituent elements of democratic leadership were high (sub-variable aggregate score was 4.347), which meant deployment of leader behaviors of direction setting component gave the healthcare facilities higher potential to grow and therefore survive, a concern was raised from the inferential findings as to why adoption of democratic leader behaviors relating to direction setting contributed negatively to SME survival. In an attempt to explain this dilemma, the researcher first relied on insights obtained from aspects of the qualitative data given by the key informants.

A close observation of the data indicated that there were critical insights obtained from the in-depth interviews that led the researcher to identify possible explanations as to how democratic leader behaviors led to negative effect on survival as supported by the following excerpts. Respondents ML1, S1, and MC1 observed that:

> A democratic leader is visionary, knowing that whatever he has in place can also be enhanced by the people working there. Assuming that you come up with a strategy or a vision, it can only work better if we involve other people, and if we get contributions from other people. So being democratic, you appreciate the fact that other people can also contribute into the vision that you have…… Additionally, democratic leadership requires all those things that we have spoken about, and above all, it also requires committed follow-through by the leader himself, principles and the like that underlie democratic leadership. The moment you let one go, then you start tipping to the negative (ML1).
>
> I believe you can set a direction as a democratic leader, but may be something can go wrong if you are not interrogating your system and you are not actually taking stock, first of yourself because I believe it starts with you as the leader (JN1).
>
> Now, the challenge comes in when you do not take the bull by its horn of what is required. I think that is where the biggest challenge will come in. Because in as much as we have all agreed this is the way we are going, you have to fight off a lot of distractions and side shows. So once you have already agreed this is where we are going, then it becomes your responsibility to reiterate it or to revisit the goal and keep everyone along that line (S1).
>
> The leader is the one who will kill this, the one who will sustain it. Without a good leadership style and implementation of the self, in the right way, it will never go anywhere. The organization will not run even for four years. It will collapse (LN1).
>
> As much as there is democracy, but at the end of the day, if it is exercised with fear, then it is not democracy. I can believe in democracy, but at the end of the day I do not practice it. That democracy was not given a chance. So it can be on paper, not in practice (MC1).

Outstanding aspects of a democratic leader's behaviors emerging from these excerpts touch on basic principles that need to be complied with, namely; that of the leader playing an active role in steering the leadership process so as to offer direction that focuses on goal realization. When we consider the behavior of the construct of leader behaviors in the context of investigation, it is observed that the components of setting strategic direction that the leaders paid attention to were providing a vision, setting clear achievable goals, providing adequate resources, allowing flexibility in decision making, determining standards for evaluating performance, changing

leadership style to match situational demands, and combining firm resources and competencies in different ways to accomplish tasks.

In considering these components that were extracted and found to contribute to the significant effect on survival, the study notes that there is a possible disconnect between the spirit and practice of democratic leader behaviors in the context of the investigation. The key informants pointed to the critical role of deploying democratic leader behaviors to serve a leadership process of not only providing direction but also monitoring the progress of the series of activities rolled out to attain the desired direction. The informants pointed to the possibility of distractions likely to derail the path to the attainment of the desired direction. In view of this, what is emerging is that even though the descriptive statistics show evidence of high deployment of direction setting, such deployment is likely to have lacked the needed leader's roles of monitoring the system from possible distractions in order to pursue goals as desired.

Secondly, in considering the context where the study was done, the characteristics of the sector would further help in explaining the possibility of a negative effect arising from high deployment of democratic leader behaviors. The study was done in the healthcare sector. Much of the work and processes undertaken in this sector follow scientific principles that guide in making of most of the decisions. In a situation where the experts who were sampled in the survey engage in democratic leadership practices, this would have an implication on the operations of the sector in terms of time, costs and delivery of healthcare services to clients a majority of whom are patients.

Thus, in this case, deployment of democratic leader behaviors in a context where a scientific process has been adopted would end up risking the likelihood of attainment of the espoused goals of the existence of the sector in the society from

which the clientele is drawn. The leader behavior attributes of direction setting that include clear vision, provision of resources, and monitoring and evaluation of goal realization leave little room for involving others in making of decisions. This implies that leader behaviors in healthcare facilities may not favour democratic processes and therefore, the negative and low effect of democratic leader behaviors in healthcare-based SMEs.

The researcher went further to review the postulates of the anchoring theories for the independent construct on the hypothesis namely democratic and situational leadership theories to explain the observed anomalies. To understand democratic leadership in today's organizations, proponents of the Democratic Theory advance certain attributes such as the leader's voice of reason, compromise, willingness to listen and accommodate contrasting and new ideas, cooperation, self-control, and moderation as critical leader behaviors for effective democratic leadership (Harber, 1997). According to Arenilla (2010), the extent to which the democratic principles of liberty and equality are embraced in organizations defines the practice of democracy. Considering the variable descriptive results, the directive leader behaviors extracted are those considered to be critical for effective democratic leadership practice in the healthcare-based SMEs. However, the theory advances principles for the Democratic Theory that gravitate towards supportive leader behaviors which meant the descriptive results contrasted those espoused in the principles of the Democratic Theory.

The Situational Leadership Theory adopted in the study to complement the Democratic Theory was premised on finding a balance between the directive and supportive leader behaviors for effective leadership to be realized (Salehzadeh *et al*., 2015). The theory postulates that effective leadership should align the attributes of the embraced leadership style with the degree of follower competence and commitment

(Thompson & Glasø, 2015). In reality, the complementarity of the two theories should result in a higher positive impact yet the observed findings were low and negative. The researcher's desire in the study to advance democratic leadership scholarship and a logical explanation of these observations was found in arguments from extant literature (Asiimwe, 2021; Wachira *et al.,* 2018) and in-depth interviews.

When the key informants were asked to explain what their thoughts were from the observed quantitative findings, several opinions were advanced. For example, CH1 stated that, "in line with my practice, both directive and supportive behaviors work together in achieving the bottom line. We need to strike a balance between the results and the people because it is the people who bring the results". ML1 added that, "a democratic leader also has a vision..... he realizes that we might have the best strategy, but on the ground things can be different, and people always have different ways of approaching issues". Respondent S1 shared that, "the best thing in this issue of successful goal realization is letting the best ideas win. It is not autocracy, but letting the best ideas win and carrying them through to conclusion". Excerpts from key informants W1 and O1 also gave important explanations.

> What happens, there is a tendency of being very dictatorial as a leader...sometimes if you just take time to encourage a two-way conversation you may really have some ideas, or there may be a perspective that you may not have looked at or seen (W1).

> Understand the employee democracy and business democracy and marry the two and bring the two together for us to grow. That is, for the employees to be comfortable and for the business to be comfortable. In most SMEs, the employees are more comfortable than the business and that is why they are all collapsing left right centre (O1).

From the in-depth interviews and postulates of the Situational Leadership Theory, optimal adoption of democratic leader behaviors relating to direction settings requires striking a balance between behaviors that are pro people and pro organization. What then the researcher observed from the interviews was that the

sampled leaders did not balance the two behaviors as they engaged in the activities of the healthcare facilities. Another important observation came from the systematic thematic analysis of qualitative data relating to democratic leader behaviours which aroused the researcher to seek theoretical reasoning of Blake and Mouton's Managerial Leadership Grid (1964 as cited in Benuyenah, 2021). The Leadership Grid is considered a model of leadership that explains the way behavioral leadership theories are developed by analyzing scientific processes that link leader behaviors and effects on followers and the environment (Mindapa, 2022).

Northouse (2019) observes that the Leadership Grid was mooted with a view of explaining the way leaders influence followers to realize organizational goals through leader behaviors that focus on concern for people (relationship oriented leader behaviors) and concern for production (task oriented leader behaviors). Task oriented leader behaviors focus on organizational goals and comprise keen attention to decisions touching on policies, development of new products, operational issues, and sales. Relationship oriented behaviors focus on employees' interests and comprise employee engagement with the organization, building trust, people development, provision of conducive work climate, fair compensation policies and relationships. The grid is well understood through a graphical presentation where the horizontal axis stands for task oriented leader behaviors and vertical axis stands for relationship oriented leader behaviors. By combining the two types of leader behaviors to different degrees gives rise to five styles of leadership namely authority–compliance (9,1), country-club management (1,9), impoverished management (1,1), middle-of-the-road management (5,5), and team management (9,9).

Of interest to this study was the team management leadership style that emphasizes high task accomplishment and strong interpersonal interactions. The

leader encourages strong teamwork and high degree of participation by fulfilling the employees' basic needs which result in actively engaged and motivated workforce. It is observed that, team management leader behaviors encourage openness and involve everyone in decision making. Such behaviors promote self-determination and follow-through clearly spell out priorities, and make the work enjoyable. While referring to the Leadership Grid, democratic leadership would be put under the team management category where firm performance is realized through leader behaviors that promote participation and interdependence, establishment of conducive work climate, and building of trust within the organization which in turn leads to committed and motivated employees.

Apart from the directive and supportive leader behaviours, leader competencies emerged as an important theme which infers that there are certain skills and abilities that democratic leaders need to possess or develop in order to effectively practice the style. In support of this argument, respondent O1 highlighted certain leader competencies required for effective democratic leadership practice: "this leader must have good organizing skills, must be able to coordinate, must be able to plan with the team and must be able to direct". Additionally, "they need to be good relationship builders within the organization and have problem solving skills" (CH1). Although the key informants highlighted the role of desired leader qualities in democratic leader behaviors, the study had not been designed to obtain data on the set of qualities possessed by the leader as well as those desired by the followers. In spite of the democratic leader behaviors being practiced to a high extent, the possible lack of the desired qualities of an effective leader could have hampered the likelihood of the democratic leader behaviors contributing positively to business survival.

The conclusion from the theoretical considerations is that, as much as the Democratic Theory advocates for liberty and equality as the key principles in the process of making decisions, the leader must be deliberate on when to give direction and when to encourage participation. Possession of suitable democratic leadership competencies allows a leader to balance between directive and supportive behaviors. Excessive adoption of supportive behaviors can mean too much liberty is given to the members in the decision-making therefore, delaying and derailing the process, while excessive directive behaviors can stifle member participation and lead to wrong decisions especially when leaders lack the requisite skills to choose the right decision from several alternatives.

Furthermore, the tenets of liberty and equality fronted by proponents of the Democratic Theory are considered to be inapplicable because superior performance outcomes result from the Best Fit Model that matches strengths of employees with the tasks to be undertaken (Boxall & Purcell, 2016) as explained by Blake and Mouton's Managerial Leadership Grid. Dynamic organizations require workplaces that promote equity as opposed to equality for them to survive through turbulence. Equality refers to the availability of the same type of resources and opportunities to every member whereas, equity refers to availability of the precise amount of resources or opportunities required to attain a certain outcome depending on an individual's capabilities and prevailing circumstances (Obe, 2023). Therefore, the study proposes that higher survival rates for healthcare-based SMEs will be guaranteed when exhibited leader behaviors; to influence followers to direct resources towards achievement of organizational goals, are founded on principles of equity as opposed to equality.

The current findings were also explained in comparison with previous researches that had attempted to measure various aspects of democratic leader behaviors touching on direction setting (Larisch *et al*., 2016; Muinga *et al*., 2020; Musaigwa, 2023; Oleribe *et al*., 2019). These studies were compared against the current study findings in terms of the conceptualization, contexts of investigation, and the findings reported. In terms of conceptualization, it is observed that these previous researches considered a continuum of both supportive and directive leader behaviors that included vision creation, communication about change, developing plans and establishing a conducive work climate for change, resource allocation, clarity of leadership, presence of implementation strategy, employee motivation, building follower's buy-in, and leading followers by example. The various measured outcomes were implementation of innovation processes, healthcare service delivery, absorption of digital health systems, and change management. The current study was shown to be similar to the previous researches, partly in terms of the construct measured for the predictor role, while it differed in terms of the number of constructs paired with direction setting serving the predictor role and measured organizational outcomes.

In terms of the contexts investigated, the previous studies focused on bigger organizations such as public healthcare facilities or large private hospitals while the current study was on small and medium enterprises. Additionally, the findings demonstrate that the previous researches had similarity in terms of the significance of the effect, while they differed in terms of the direction of the effect. While the previous studies found significant positive effect, the current study reported negative effect.

In consideration of the explanations, conclusions, and interpretations made to the findings of the hypothesis (**$H_0$1)** based on the conceptual characteristics of the

construct, context of investigation, theoretical underpinnings, past empirical researchers, and excerpts from the key informants, the researcher highlights several implications. The first implication touches on the role of a democratic leader behaviors that focus on direction setting as an important component of democratic leadership required for realization of positive performance outcomes. The study identified a set of attributes related to democratic leader behaviors that were shown to play an active role of steering the leadership process of directing the organization to realize the desired goals.

The second implication that arises relates to the manner in which leaders in healthcare-based SMEs need to deploy democratic leader behaviors that focus on direction setting to bring about influence that leads to positive performance outcomes. The study categorized leader behaviors into supportive and directive behaviors. It is observed that, the choice of behaviors that democratic leaders exhibit needs to direct resources towards the desired goals of the organization. Optimal deployment of democratic leadership in healthcare-based SMEs to realize desired goals requires the adoption of democratic leader behaviors that serve the leadership process of not only providing direction but also monitoring the progress of the series of activities rolled out to attain the desired direction. Such behaviours help the leader to keep focus and remove any distractions that may derail the path toward the realization of the desired direction.

The third implication touches on the possible risks and dangers of the prescriptions of democratic leadership theories raising the need to consider other complimentary theories from leadership studies. The study identified the complimentary role played by Blake and Mouton Managerial Leadership Grid in bringing out the leadership qualities that democratic leaders need to exhibit for

positive performance outcomes. The tenets on which the Democratic Theory is premised are pro people and not pro organization and could not fully explain the findings. The grid was adopted to explain the manner in which leaders influence followers to achieve organizational goals by striking a balance between leader behaviors that focus on concern for people (relationship oriented leader behaviors) and concern for production (task oriented leader behaviors). Optimal deployment of democratic leadership is guaranteed when adopted leader behaviors have the potential to promote team management leadership style characterized by high task accomplishment and strong interpersonal interactions.

From the discussions and implications on hypothesis **($H_0$1)**, the study concludes that, even though democratic leadership behaviors leaning towards directive setting offer potential to affect the survival of organizations, such potential is best exploited when the democratic leader behaviors are matched with the leaders' qualities that focus on monitoring the process to balance between focus on organizational outcomes and follower concerns. Therefore, the conclusions drawn from the implications of the first hypothesis have significant contributions to the body of knowledge. The first contribution is about highlighting how more components of democratic leadership can be included to relate the construct to organizational outcomes. The second contribution is in the understanding the manner in which democratic leadership can be deployed for positive outcomes that suit the unique characteristics of the healthcare sector. The third area is on the role of theories in explaining democratic leader behaviors in democratic leadership scholarship.

Effect of Democratic Workplaces on Firm Survival

The second specific study objective was to undertake an evaluation of the effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi

City County, Kenya. The corresponding hypothesis (**$H_0$2)** expressed in null form proposed that there is no significant effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The findings in Table 37 indicated a standardized beta coefficient $\beta = 0.205$ and p-value of less than 0.001. It meant that a single unit increment in the application of democratic workplaces resulted in 0.205-unit increase in the survival of healthcare-based SMEs. Therefore, the null hypothesis was rejected because the p-value was less than 0.05 which inferred that democratic workplaces have a significant positive statistical effect on the survival of healthcare-based SMEs in Nairobi City County.

The first approach the research used to explain the findings on hypothesis (**$H_0$2)** was the descriptive behaviors of the construct of democratic workplaces in the context of investigation. When the quantitative data was subjected to exploratory factor analysis, the variable was reduced from the initially conceptualized components to those which corresponded to democratic communication. Testing of the second hypothesis was therefore guided by the manner in which democratic workplace attributes that correspond to democratic communication as a component of democratic leadership affect survival of healthcare-based SMEs in Nairobi City County.

The high sub-variable aggregate mean score of 4.228 inferred that deployment of democratic workplace attributes that correspond to democratic communication was embraced by the sampled respondents to a high extent. The behavior of the construct of democratic workplaces corresponding to democratic communication in the context of investigation was defined by components that focused on communication from top management being done with respect, managers and supervisors listening to the views of subordinates, and communication from top management to others being done with clarity. It is observed that these components were embraced to a high extent.

A close scrutiny of some statements that related to democratic workplaces from key informants revealed critical insights that the study relied on to support the quantitative findings. For instance, respondent W1 stated that, “for me, a conducive environment is where the employees have a voice, where they can bring in their contributions, feel valued, and actually feel motivated”. V1 explained that, “the most basic must be ability within the work environment where people are able to come together and discuss…. and when you work with people in a way that you both are able to speak at almost the same level”. According to MW1, “in a democracy you don't veto”. Additionally, respondent O1 observed that, “nurturing democracy at the workplace is encouraging what we call multi-meetings with the functional managers to handle many of the issues, the challenges within their respective departments, and giving feedback to the administration”. Respondents S1 and JN1 also added their views that;

> If someone would have to knock before they come into this office, that means they would be intimidated even to come and share ideas. But if it creates such a free access, then it means it will be easier for people to communicate, that is my take…...How free am I to communicate? Do I have fear of being reprimanded? (S1).

> It is a workplace where everybody feels he is free to express himself, and as you are saying, everybody even the bosses should be accessible. If you feel that there is something you want to say, you should have that voice either through HR or direct to the boss without any limitation. You can sit down and have a dialogue if there is a problem, rush it out, come up with a solution (JN1).

Based on the excerpts from the key informants, special attributes relating to workplaces emerged as important factors that leaders can consider while developing democratic workspaces that allow communication to take a democratic approach to result in a more engaged and motivated workforce. The key informants highlighted the critical role played by democratic workplaces in creating a workplace climate that fosters a two-way communication. They pointed to the need of developing a

democratic work climate that values and motivates employees by allowing them the freedom to express themselves, give feedback, engage in even-leveled meetings and above board discussions. In addition, they also highlighted systematic, two-way and open communication as fundamental prerequisite for democratic communication. In view of these observations, it can be said that the high deployment of democratic workplaces to enhance survival of healthcare-based SMEs is explained by the extent to which the healthcare facilities developed communication processes that allowed subordinates to freely express themselves, air their views, participate in meetings and discussions, encouraged systematic, two-way, and open communication.

The study also considered the context of the investigation taking into account the ecosystem of healthcare-based SMEs. The SME sector is considered very heterogeneous owing to the internal and external challenges among them inadequate resources, poor entrepreneurial skills, and industry dynamics (Naradda *et al*., 2020; North *et al*., 2020). According to the informants, effective communication within healthcare facilities is bound to face barriers arising from organizational structures that require investment in technology and other innovative approaches, which may not be favourable for the SME sector. When asked about the suitable organizational structure that promotes democratic workplaces and how it affected communication within the healthcare facilities, respondents W1, CH1, observed that;

> There are other organizations which are set up in such a way that for you to interact with the management, you need to set up appointments and go through this guy or that person. I just prefer human interaction in a very old-fashioned way compared to the formalities (W1).

> Determination of office locations is dependent on an organization's capacity to pay for it and do an apartment and do compartmentalization and therefore sometimes we find organizations are constrained, they cannot afford money to have those lucrative offices so they have just something that is convenient to keep them moving as they have a vision of procuring their own……. But I don't think whether office space, location and what have you can affect communication because there are so many modes of communication and the

> mode is determined by the communicator, provided the message is sent and it's adhered to. For example, we have an office in Mombasa, and if I want to address employees in Mombasa, I just write an internal memo, and share it on our online platform WhatsApp (CH1).
>
> There are mechanisms that are actually in place and some of them we would say that technology is one of them that has come to assist and enhance communication in the democratic sector. Others include informal activities or organizational activities, like MDs' "barazas" where a group of people, maybe cleaners or even security people have coffee with the MD, and they talk their issues out (ML1).
>
> You provide those opportunities through meetings, monthly meetings, head of departments' meetings, whereby you actually give them that opportunity. Yes, we do. We do management meetings, we do experiential meetings, we do meetings for all the staff (MC1).
>
> But the design should be in such a way that you have physical access to each and every office you want. You won't find a watchman or a secretary at the door telling you not to go there, you should have an appointment. It's just a knock, come in, have a seat and you talk. In a design like ours is only the prohibited places like the theatre, where you find barriers (JN1).

The message that was brought out from the excerpts by the key informants point to the set of ideal characteristics of democratic workplaces that would explain the practical application of the democratic leadership dimension of democratic workplaces for enhancing a climate supporting democratic communication. The three themes which were generated from thematic analysis of the data collected through interviews with the informants were; physical workspaces, psychological workspaces, and communication process which were considered to be important concepts while considering adoption of democratic workplaces to enhance firm survival. Physical workspaces constitute open and accessible office designs, technology integration, and activities that promote human interaction. Psychological spaces constitute the subordinates' feeling that there is freedom of expression, participation is encouraged, and there is autonomy in decision making. Communication process refers to the channels that promote open communication, two ways, and systematic communication.

The physical workspaces also represent the possible sources of communication barriers and innovative mechanisms to surmount them. Poor communication infrastructure and information overload that clog the system and slow information transfer are considered as potential physical communication barriers that negatively impact performance (Okwuagwu *et al*., 2017). Thus, it can be said that, integrating technology into communication processes enables the healthcare facilities to overcome the contextual challenges that would otherwise impede seamless flow of information.

In addition to the explanations given above, past researchers were reviewed and compared with the current study on different attributes of democratic communication and firm performance (Musheke & Phiri, 2021; Mutunga, 2022; Okwuagwu *et al*., 2017; Zeler *et al*., 2022). The comparison paid attention to the way the studies were conceptualized and the reported findings. In consideration of the way they were conceptualized, it is observed that previous studies investigated the effect of different attributes of effective communication on firm performance outcomes. The communication components considered comprised of freedom to share feedback both ways, clear chain of command, presence of communication channels, simple understandable language, concise communication, multi-directional communication, and communicating with empathy and care. Thus, the current study was found to be similar to the previous empirical studies in terms of the items used to measure the independent variable; but differed in the items used to measure the dependent variable. The findings also demonstrated similarity in both the past researches and current study in regards to the significance of the effect of the independent variable on the measured firm performance outcomes. In both the situations, the effect of democratic communication outcomes on the dependent variable was positive.

The message brought out by the hypothesis (**$H_0$2**) raises two key implications that capture the attention of the researcher. The first implication revolves around the attributes of democratic workplaces that correspondent to democratic communication as important components of democratic leadership. Democratic workplaces that promote democratic communication influence positive organizational outcomes by creating a work climate that results in a more engaged and motivated workforce. For practice of democratic leadership to cause influence through leadership process that values employees and motivates them to be more engaged with the organization, it should create a workplace climate that fosters a two-way communication process by allowing them the freedom to express themselves, give feedback, engage in even-leveled meetings and above board discussions.

The second implication revolves around the manner in which leaders in healthcare-based SMEs deploy the attributes of democratic workplaces that correspond to democratic communication to enhance their survival. Effective practice of democratic leadership to result in positive organizational outcomes through enhanced democratic communication requires leaders to exercise their influence towards developing democratic workplaces that focus on physical and psychological spaces that improve the communication process. In consideration of democratic workplaces, attention should be paid to the innovative approaches such as technology integration and multi-meetings that enhance human interaction and remove possible communication barriers in physical spaces. Such workplaces should also focus on psychological spaces that consider perceptions and feelings borne by followers of an organization on the existence of freedom of expression, participation, and autonomous decision-making process.

In conclusion, it can be said that democratic workplaces that relate to democratic communication have the potential to positively influence firm survival when innovative approaches are embraced to remove possible communication barriers to human interaction in physical spaces and also when the psychological spaces champion communication processes characterized by freedom of expression and participation in making of decisions. The conclusion made on the second hypothesis highlights several areas of contribution to new knowledge both in democratic leadership and in other spheres. First, is in understanding the role of democratic workplaces in promoting democratic communication in organizational systems. The second is the clarity brought out in conceptualizing democratic workplaces as a component of physical and psychological spaces and the associated organizational outcomes in democratic leadership scholarship.

Effect of Democratic Stewardship on Firm Survival

The third specific study objective sought to evaluate the effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding hypothesis (**$H_0$3)** expressed in null form proposed that there is no significant effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The strength of the relationship had a standardized beta coefficient of $\beta = 0.210$ and p-value of less than 0.003 as shown in Table 37. The p-value of 0.003 was below 0.05 level of significance which meant the relationship was statistically significant and therefore the null hypothesis was rejected. By holding all factors constant, one-unit increment in the application of democratic stewardship resulted in an increase of 0.21 units in the survival of healthcare-based SMEs. Based on the statistical findings, it meant that democratic stewardship has a significant positive statistical effect on the survival of healthcare-based SMEs in Nairobi County.

The researcher used several bases to explain the findings of hypothesis (**$H_0$3)** by first starting with descriptive characteristics of democratic stewardship in the context of investigation. The initial conceptualization of the variable considered measures that explained three components namely; integrity, responsibility, and accountability. Upon subjecting all the measurement items to exploratory factor analysis, there was reorganization of the items into new factors. The researcher operationalized democratic stewardship by using the factor labelled integrity, which had an aggregate factor loading of 0.059 and was shown to be the only democratic stewardship dimension whose effect on firm survival was statistically significant.

The overall sub-variable mean score was 4.277 which meant that the respondents agreed to a high extent that the measures of democratic stewardship that relate to integrity were embraced as important components of democratic leadership for the survival of the healthcare-based SMEs. The behaviour of the construct was investigated under a context that required the researcher to gain an understanding of the extent to which management requires employees to be honest and ethical in their actions, decision-making process embraces fairness and equity, there is an established code of conduct that guides employees' behaviors, top management promotes team spirit in all levels of the organization, and there is seamless flow of information from top down and vice versa.

To further explain the descriptive results, the researcher relied on final themes that emerged from the outstanding sections of texts from the key informants when they were asked to clarify how principles of good stewardship contributed to democratic leadership practice. For example, respondent MC1 stated that, "a steward is a person who knows the right thing which needs to be done and then you do it the right way. Respondent S1 added that, "I think good stewardship is appreciating or

having a deep sense of responsibility of what is under your care". Respondent LN1 observed that, "good stewardship is making every staff understand that they need to work responsibly in their roles towards the achievement of the goals of the facility". Respondent ML1 shared that "good stewardship, if I understand that better, stewardship is whereby you are taking care of the assets and the responsibilities that you have been entrusted with as your own". In addition, respondents W1 and MW1 had this to share about principles of stewardship;

> So I really believe in the stewardship principle. Yes, and I also hope that my staff would also be faithful stewards. I hope I am actually setting a good example for them. That is a certain level of honestyand trust (W1).

> To summarize it, the steward must be ready to come down, not to be up there, to come down to the same level so that everyone can trust you. When they see you, they do not see you as an enemy or something. So trust, yeah, trust, and also, you know, openness, accessibility, you are accessible (MW1).

The message that is brought out by the excerpts extracted from transcribed messages concern certain fundamental values of democratic stewardship that leaders and their followers need to observe in order to optimize adoption of democratic stewardship as a component of democratic leadership to build trust within the entire organization and in turn cause employees to be more responsible for the organizational tasks. The informants underscored the importance of principles of democratic stewardship that cause employees to do the right thing in the right way and take care of the resources that have been bestowed upon them. It is worth noting that, to effectively implement democratic leadership, the key informants pointed to the need of adopting certain values and behaviors that build trust and honesty within the entire organization and in turn direct employees to do the right thing in the right way, have a deep sense of responsibility in their undertakings, work responsibly, take care of organizational resources, and set a good example.

Based on these observations, it can be said that, high deployment of democratic stewardship to enhance survival of healthcare-based SMEs is explained by the degree to which leaders embraced principles of good stewardship that build trust within the entire organization which in turn caused employees to take up their responsibilities with more commitment. Additionally, by being honest and open, leading by example, and taking care of all organizational resources, leaders were able to build trust within the entire organization which motivated employees to do the right thing in the right way and take care of the resources at their disposal. An outstanding implication of these observations that healthcare facilities need to recognize touches on the role of followers in the democratic leadership process when they practice good stewardship. While democratic stewardship is seen to thrive when leader behaviors and actions are founded on principles of integrity that build trust in the entire organization, the followers role of being responsible, doing the right thing in the right way, and taking care of the resources at their disposal cannot be ignored.

The researcher went further to explain the findings of the third hypothesis based on the postulations of the Stewardship Theory which advances certain values, attitudes, and behaviors that direct the guidelines that members follow to make decisions for the long-term common good of the organization (Hernandez, 2008). The principles under which the theory is premised that the study adopted to explain the third hypothesis revolve around ethical and moral behaviours and comprise of honesty, transparency, trust, integrity, and selflessness (Cossin *et al*., 2015; Dumay *et al*., 2019; Fenton, 2012; Hutter *et al*., 2017). When embraced, they influence the levels to which employees are motivated, are responsible, and are accountable to the assigned tasks for the common good of all stakeholders. It is noted that, testing of the hypothesis was premised on integrity as a component of democratic stewardship

which was shown to have significant positive statistical effect on firm survival. The in-depth interviews with the key informants offered additional highlights that explained the behavior of integrity as a component of democratic stewardship which when embraced in organizations result in long lasting outcomes that benefit all members.

In response to whether good stewards embrace qualities of integrity, Respondent JN1 shared that, "integrity eliminates corruption and theft within healthcare facilities". In support, respondent V1 stated that integrity helps to control favoritism especially in making of decisions such as assigning duties or sharing of resources. To remain professional, "leaders managing healthcare facilities should embrace principles of honesty and ethical practices while carrying out their duties". When respondent CH1 was asked to explain the tenets of integrity in leadership, he shared that, "the aspects of integrity are critical, ethics is critical, professionalism is critical…… I think, if you really look at them, fairness, equitable, accountability, justice, you know, ethical practice, can be summed up to define integrity". Similar thoughts were expressed by respondent JN1. He said that, "first and foremost, integrity means that all the operations should be above board". The excerpts from respondents MW1 and S1 were comprehensive and brought out the important concepts on the relationship of integrity and democratic stewardship:

> Yeah, integrity is number one. You know, integrity is everything. I do not think there is anything else to replace it. So what is that which says this person has to take credit? That whatever they do, they are not hiding anything, so, they are open. They say this will be done, and it is done. They do what they say. You can trust, if they say this will be done, it is done, not to find later it is not done. That is just about it. (MW1).

> I think the first one is honesty. You have got to be very honest when you are making your decisions or when you are dealing with anything. The other one is being accountable, so that whatever is entrusted to you is going to be either safely kept or is going to be safely exploited and results will be given (S1).

It can be stated that, for the long term survival of organizations, there are a set of values that need to be adhered to by employees in order to build trust within the entire organization. The attributes of ethical behaviors, professionalism, fairness, equity, accountability, justice, credibility, openness, and honesty when embraced in healthcare facilities have the potential to intrinsically motivate employees to take up assigned duties with more enthusiasm which results in higher level of engagement. The principles of selflessness on which the Stewardship Theory is founded front the leader behaviors driven by pro-organizational, collectivistic, and trust motivations for the benefit of all stake holders as the moral compass that guides the process of making decisions within the organization (Dumay *et al*., 2019). Proponents of the theory detest opportunistic and individualistic tendencies. The values of trust, morality, and integrity which underpin ethical leadership, have been considered to be critical for steward leadership and when adopted in managing organizations have the capacity to establish strong relationships that optimize stakeholder commitment and ownership (Fenton, 2012).

The observations prompted the researcher to seek the reasoning behind the Servant Leadership Model to understand the manner in which attributes of integrity as a component of democratic leadership define leader qualities related to follower expectations. In understanding the leadership process, from a servant leadership perspective, the leader is considered to play the role of a servant who embraces principles of caring for others as the force that drives the influence process (Northouse, 2019). The overarching principle of servant leadership according to a study by Ogochi *et al*. (2022) is service to others which is driven by leader qualities of humility. The Servant Leadership Model highlights certain leader behaviors that touch on; concern for others, empathy, ethical actions, selflessness, morality, and employee

empowerment and development as critical leader qualities that motivate followers to act as servants while undertaking their duties. Such leader qualities have the potential to optimize the adoption of democratic leadership in the healthcare facilities to promote employee commitment and engagement and consequently performance.

In conclusion, the concept that the Stewardship Theory brings out in organizational operations is that organizations that incorporate virtues of integrity, trustworthiness, and personal responsibility in operations tend to have employees who take responsibility and show accountability for the outcomes of their actions for the sake of the welfare of all the stakeholders (Cossin *et al*., 2015). The findings agree with postulations from other authors. Integrity according to Caldwell (2018) is the backbone of stewardship and is characterized by values such as ethics, morality, honesty, fairness, and consistency which build trust with the leaders, members, and entire organization. When followers trust their leaders, they willingly engage in organizational activities, have higher levels of motivation and morale and have better productivity outcomes (Kouzes & Posner, 2011). Moreover, leadership that is founded on trust creates an environment where employees feel valued and ready to collaborate with others to achieve organizational goals. Trust enhances collaboration and builds strong teams with superior performance outcomes and therefore higher chances of firm survival.

The researcher went further to review the characteristics of the context to explain the behaviors of the construct in relations to the extracted factors. Delivery of efficient professional services in the healthcare sector relies on the manner in which decisions between the different departments are made. When the process embraces principles of stewardship, it means the decisions made would have an implication on the quality of service rendered to the patients by the healthcare facilities in terms of

speed and accuracy of diagnosis. Thus, deploying principles of democratic stewardship corresponding to integrity in delivery of quality services in the healthcare sector is guaranteed when employees are honest and ethical in their actions, the decision-making process embraces fairness and equity, there is a code of conduct guiding employees' behaviors, team spirit, and seamless flow of information.

Lastly, the study reviewed several empirical researches to augment the explanations provided. The researcher compared previous empirical studies with the current study focusing on values that define integrity and their effects on various leadership functions (Barasa *et al*., 2016; Bonsu *et al*., 2023; Ronald *et al*., 2016; Suriyankietkaew & Kungwanpongpun, 2022; Yazdanshenas & Mirzaei, 2023). The comparison considered findings of the studies, the contexts of the investigations, and the methodology. In consideration of the findings of both past studies and the current one, there was agreement that the various items corresponding to integrity that were used to measure the predictor variable had a positive significant effect on the outcomes of the various leadership functions. The components of integrity that were used to operationalize the predictor variable included; ethical behaviors, uniformity and fairness, and leader integrity while measured leadership functions comprised; employee retention, employee success, and accountability.

In regard to the contexts of the empirical studies, while some of the reviewed empirical studies were done in economies similar to the Kenyan situation, others were undertaken in economies that were different from the context under which the current study was undertaken. Additionally, some of the studies were in healthcare sector while others were in non-healthcare sectors. It is worth noting that, there were methodological differences between previous studies and current study in terms of the adopted research designs. While the previous studies majorly adopted a quantitative

research design, the current study adopted explanatory mixed-method research design which was considered more robust for research outcomes with scientific rigor.

Based on the explanations and conclusions that were made on hypothesis **($H_0$3),** the observed findings raise some implications that touch on the way democratic stewardship components that relate to integrity function on deployment in organizations, the way in which democratic stewardship is deployed in healthcare facilities, and theoretical anchorage. The first implication is on the relationship of democratic stewardship attributes that focus on integrity as a component of democratic leadership. Optimal adoption of democratic leadership to promote firm survival rates by building trust within the entire organization is dependent on the degree to which the leadership process pays attention to integrity as an attribute of democratic stewardship that causes employees to undertake their tasks responsibly and with more commitment.

The second implication revolves around the manner in which democratic stewardship as a component of democratic leadership is deployed in healthcare-based SMEs to enhance firm survival. It is observed that, effective practice of democratic leadership in healthcare-based SMEs to improve their survival not only requires leader behaviors that build trust within the entire organization, but also employees whose actions are guided by principles of good stewardship that focus on doing the right thing in the right way and taking responsibility of the resources placed under their care. When leaders adopt principles of democratic stewardship as a component of democratic leadership in healthcare-based SMEs, they are required to be honest and open in their actions and lead by example which in turn builds an organizational culture founded on trust that results in motivated employees ready to take full responsibility of the assigned tasks. Optimal adoption of democratic leadership in

healthcare-based SMEs for improved firm survival requires both the leaders and the followers to embrace principles of good stewardship while undertaking their tasks.

The third implication revolves around the role of the Servant Leadership Theory in complimenting the Stewardship Theory in explaining the component of stewardship in democratic leadership to cause long-term survival of organizations. The Servant Leadership Model highlights the role of leaders as servants who practice their leadership influence through principles of caring for others. When democratic leaders adopt servant leader qualities of empathy, ethical behaviors, selflessness, and employee empowerment which are founded on the principle of caring for others, they have the potential of promoting employee engagement with the organization and consequently lead to positive long-term organizational outcomes. The theory highlights critical set of values that intrinsically motivate members of the entire organization to be more responsible and accountable for the assigned tasks the for long-term firm survival.

In conclusion, the findings and explanation derived from the third hypothesis offer new knowledge to democratic leadership scholarship and to leadership practice at large. The first area of focus of adding new knowledge is to organizations that can benefit from understanding the conceptualization of democratic stewardship and its components that be applied in setting up governance structures that improve accountability. The manner in which it is practiced can be improved if it is combined with leader behaviors that build trust within the entire organization. The second area of focus on knowledge addition is in the understanding of the link between the Democratic Leadership Theory, the Stewardship Theory, and the Servant Leadership Theory. The third area of knowledge contribution is in the understanding the role played by followers in entrenching democratic leadership practice in organizations.

Democratic Leadership, Dynamic Capabilities and Firm Survival

The study's fourth specific objective was to test the mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding hypothesis (**$H_0$4)** in its null form was that there is no significant mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya. To test the hypothesis, the researcher adopted the Four Path Model by Baron and Kenny (1986 as cited in Otuya, 2019) that details the four steps for testing mediation. Each of the steps is represented by a regression model that defines the relationship between the variables as shown below.

Step1: $Y= \beta_{010}+\beta_{11}X_{11}$

Step 2: $M= \beta_{022}+\beta_{22}X_{22}$

Step 3: $Y= \beta_{033}+\beta_{34}M_{31}$

Step 4: $Y= \beta_{044}+\beta_{45}X_{45}+ \beta_{46}M_{41}$

Where

Y=firm survival (Dependent Variable)

X=Democratic leadership (Independent Variable)

M=Composite index for mediating variable (Dynamic capabilities)

β_{010} =Constant for the baseline model relating composite index of democratic leadership and firm survival.

β_{022}, β_{033}, β_{044} =Represent the constant for the regression model testing the effect of composite index on mediating variable, effect of mediating on dependent, and effect of democratic leadership on survival when the mediating factor is present respectively.

Step One: The Direct Effect of Democratic Leadership on Firm Survival

The role of the first step is to establish the possibility of existence of a relationship that can be mediated (Otuya, 2019). In this study, the step was represented by a statistical model summarizing the regression analysis of the composite index of democratic leadership with firm survival as the dependent variable. The composite index for democratic leadership was derived from the three extracted factors that were statistically significant and the output of the analysis summarized in Tables 52, 53, and 54.

Table 52:Model for Regression of Democratic Leadership (composite) and Firm Survival

Model Summary

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	.134a	0.018	0.016	0.50764	0.018	8.764	1	480	0.003	1.31

Source: Survey Data, 2025

The statistical analysis of regression of composite democratic leadership and firm survival gave an adjusted R Square of 0.016 meaning that the model could predict the survival of healthcare-based SMEs in Nairobi County by only 1.6 percent (Table 50). Thus, 98.4 percent of the variation in the survival of healthcare-based SMEs in Nairobi County may be attributed to other factors other than democratic leadership.

Table 53:ANOVA Summary for Democratic Leadership (composite) and Firm Survival

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.258	1	2.258	8.764	.003
	Residual	123.693	480	0.258		
	Total	125.951	481			

Source: Survey Data, 2025

From the findings of regression analysis presented in Table 53, the F statistic value was 8.764 and the p-value was 0.003. The observed F value was higher than the critical value of 2.4038 and the p-value was less the 0.05 level of significance which inferred that democratic leadership could predict firm survival and the embraced model was a good fit for the data.

Table 54:Coefficients for Democratic Leadership (composite) when Regressed with Firm Survival

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.057	0.179		17.033	<.001
	DL(composite)	0.123	0.042	0.134	2.96	0.003

Source: Survey Data, 2025

Lastly, the beta coefficient (β) and t-statistics values for the regression analysis of the composite index of democratic leadership on firm survival were reviewed to determine the level of influence. Table 54 shows a β=0.134 (t=2.96, p=0.003) which meant the level of influence was statistically significant and that for every increase in a unit of composite democratic leadership resulted in an increase of 0.134 units of firm survival. The summary of the model was represented by the following equation:

$FS=3.057+0.134\ DL+ \varepsilon$

Step Two: Regression of Composite Index of Democratic Leadership on Dynamic Capabilities

The second step of the model according to Baron and Kenny model (1986 as cited in Otuya, 2019) treats the mediating variable like the outcome variable. In this case, composite democratic leadership was regressed with dynamic capabilities as the dependent variable and the findings presented in Tables 55, 56, and 57.

Table 55:Model for Regression of Democratic Leadership (composite) and Dynamic Capabilities

Model Summary										
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	.736a	0.542	0.541	0.42826	0.542	567.415	1	480	<.001	2.004

Source: Survey Data, 2025

The summary of the findings as contained in Table 55 showed an adjusted R square of 0.541 which implied that democratic leadership predicted 54.1 percent of the variation in dynamic capabilities.

Table 56:ANOVA Summary for Democratic Leadership(composite) and Dynamic Capabilities

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	104.07	1	104.07	567.42	<.001b
Residual	88.037	480	0.183		
Total	192.107	481			

Source: Survey Data, 2025

The findings presented in Table 56 showed an F statistic value of 567.42 and a p-value <.001 which meant the model had good fit and was statistically significant and therefore democratic leadership could predict dynamic capabilities.

Table 57:Coefficients for Democratic Leadership (composite) when Regressed with Dynamic Capabilities

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	0.533	0.151		3.521	<.001		
DL (composite)	0.835	0.035	0.736	23.82	<.001	1	1

Source: Survey Data, 2025

According to Table 57, the observed value of the standardized beta coefficient (β) was 0.736 and that of t-statistics was 23.82 (p<.001) and therefore the influence of democratic leadership on dynamic capabilities was significant. For every single unit

increase in democratic leadership resulted in an increase of 0.736 units of dynamic capabilities. The summary of the model was represented by the following equation:

DC=0.533+0.736DL+ ε

Step Three: Regression of Dynamic Capabilities on Firm Survival

The third step helped to establish the effect of the mediator on the outcome when the initial variable was controlled. The summary of the regression statistics is presented in Tables 58, 59, and 60.

Table 58:Model for Regression of Dynamic Capabilities and Firm Survival

Model Summary										
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	.237a	0.056	0.054	0.49766	0.056	28.561	1	480	<.001	1.21

Source: Survey Data, 2025

Table 59:Summary for Dynamic Capabilities and Firm Survival

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.073	1	7.073	28.561	<.001
	Residual	118.878	480	0.248		
	Total	125.951	481			

Source: Survey Data, 2025

Table 60:Coefficients for Dynamic Capabilities and Firm Survival

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.795	0.149		18.724	<.001		
	DC (COMPOSITE)	0.192	0.036	0.237	5.344	<.001	1	1

Source: Survey Data, 2025

The regression analysis gave an adjusted R square of 0.054 which inferred that firm dynamic capabilities could predict 5.4 percent of variations in the survival of

healthcare-based SMEs in Nairobi County, Kenya. The observed beta coefficient was 0.237 and p-value was <.001. Thus, a firm's dynamic capabilities are a significant predictor of firm survival of healthcare-based SMEs in Nairobi. The summary of the model was represented by the following equation:

$$FS=2.795+0.237DC + \varepsilon.$$

Step 4: Mediated effect of Dynamic Capabilities on Firm Survival

The fourth step intended to establish whether the mediating variable completely explained the relationship between the independent and dependent variables (full meditation) or significantly reduced the relationship (partial mediation). The summary of the regression statistics is presented in Tables 61, 62, and 63.

Table 61:Regression Model of Mediated Effect of Dynamic Capabilities on the Relationship of Democratic Leadership and Firm Survival.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.134a	0.018	0.016	0.50764	0.018	8.764	1	480	0.003
2	.244b	0.06	0.056	0.49723	0.042	21.3	1	479	<.001

Source: Survey Data, 2025

Table 62:ANOVA Summary for Mediated Effect of Dynamic Capabilities on the Relationship of Democratic Leadership and Firm Survival

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.258	1	2.258	8.764	.003
	Residual	123.693	480	0.258		
	Total	125.951	481			
2	Regression	7.525	2	3.762	15.217	<.001
	Residual	118.427	479	0.247		
	Total	125.951	481			

Source: Survey Data, 2025

Table 63:Coefficients for Mediated Effect of Dynamic Capabilities on the Relationship of Democratic Leadership and Firm Survival

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.057	0.179		17.033	<.001
	DL(Composite)	0.123	0.042	0.134	2.96	0.003
2	(Constant)	2.927	0.178		16.437	<.001
	DL(Composite)	-0.081	0.06	-0.088	-1.351	0.177
	DC (Composite)	0.245	0.053	0.302	4.615	<.001

Source: Survey Data, 2025

The results of regression analysis for the fourth step as summarized in Table 61 show an adjusted R square of 0.056 which inferred that both democratic leadership and dynamic capabilities could predict 5.6 percent of the variation in firm survival of healthcare-based SMEs in Nairobi County. The findings of ANOVA as presented in Table 62 showed a p-value of less than 0.05 which meant that the model was statistically significant. Additionally, as shown in Table 63, the standardized beta coefficient for democratic leadership was -0.088 and was statistically insignificant (p-value >0.05), while the beta coefficient for dynamic capabilities was 0.302 and had statistical significance (p<.001). The summary of the regression model was represented by the following equation:

$FS=2.927-0.088DL+0.302DC+ \varepsilon$

Further, the findings of the four steps are summarized in the Table 64 in order to determine if a mediation relationship existed.

Table 64:Summary of Regression Results from the Four Steps of Mediation

Parameters	**Model 1**	**Model 2**	**Model3**	**Model4**	**Change (Model4-Model1)**	**Observation**
R squared	0.018	0.542	0.056	0.06	0.042	-
Adjusted R^2	0.016	0.541	0.054	0.056	0.04	Improvement in explanatory power by

F-value	8.764**	567.4*	28.561***	15.217***		4.2% -Model significant
β coefficient for constant	3.057***	0.533***	2.795***	2.927***	-0.13	
β coefficient for democratic leadership	0.134**	0.736***	-	-0.088*	-0.222	-Effect declines upon introduction of mediating construct
B coefficient for dynamic capabilities	-	-	0.237***	0.302***		-Evidence of partial mediation

***P<000,
**P<0.05
*P>0.05

Source: Survey Data, 2025

From the findings of regression analysis summarizing the four steps of mediation as shown in Table 64, it was evident that regressing democratic leadership with survival of healthcare-based SMEs resulted in a positive relationship between the independent and dependent variables. In the first model, the beta coefficient (β) for democratic leadership was 0.134, R square (R^2) was 0.018, and p-value was 0.003. Upon introduction of dynamic capabilities into the relationship, the beta coefficient (β) diminished by 0.222 units to a negative value of 0.088 while at the same time the R square (R^2) value went up by 0.042 units to 0.06.

Additionally, as indicated in model 4, the value of beta coefficient (β) for dynamic capabilities increased by 0.065 units from 0.237 to 0.302. The beta coefficient for the constant diminished by 0.13 units from 3.057 to 2.927. In all the models, the beta coefficients were significant except that of democratic leadership in the fourth model. The inference drawn from the introduction of the dynamic capabilities into the relationship was that the overall explanatory power of the regression model increased as the effect of the predictor variable declined.

The researcher relied on the arguments of Baron and Kenny Model (1986 as cited in Otuya, 2019) to test for mediation. According to the model, mediation is considered to occur when the beta coefficient of the original independent variable in the first step (direct effect) is significant when regressed with the dependent variable and, when the beta coefficients resulting from either regressing of independent variable in the second step with the mediating variable (as the dependent variable) or the independent variable in the fourth step with the dependent variable in the presence of the mediating variable are significant. Views by Kenny *et al*. (2003) contrast this argument and state that not every step is necessary to confirm mediation. Further, in some scenarios, such as in inconsistent mediation, some steps may not be realized yet mediation is reported (Mackinnon *et al*.,2007). Inconsistent mediation occurs when the direction of the beta coefficient (β) of the direct effect compared to the indirect effect is opposite in which the effect of mediating variable is seen as suppressive.

In the current study, the first three mediation steps according to Baron and Kenny Model were undertaken to establish the existence of zero-order correlations between the democratic leadership and firm survival, democratic leadership and dynamic capabilities, and dynamic capabilities and firm survival respectively. The correlations observed in the three steps were statistically significant which meant there was mediation. This led to the fourth step which was done with a view of ascertaining whether the observed mediation was full or partial.

Full mediation according to Baron and Kenny Model occurs when the effect of independent variable on dependent variable on introducing mediator into the regression model disappears (Otuya, 2019). On the other hand, partial mediation happens when the effect of independent variable on dependent variable on introduction of a mediator diminishes significantly, but still remains different from

zero. Mackinnon *et al*. (2007) observe that, partial mediation is defined by the indirect effect which is viewed as the degree of reduction of the effect of the independent variable on the dependent variable. The fact that the beta coefficient (β) for democratic leadership diminished by 0.222 units upon introduction of dynamic capabilities meant there was partial mediating effect of the dynamic capabilities on the relationship between democratic leadership and firm survival (Creswell, 2013).

Bhandari (2023) opines that, when partial mediation occurs, the correlation between the independent variable and the dependent variable is partially explained by the mediating variable and that there still exists a relationship that is statistically significant even in the absence of the mediator. Thus, from the study findings, the relationship between democratic leadership and firm survival could partially be explained through the mediating effect of dynamic capabilities. The findings led to the rejection of the null hypothesis **($H_0$4)** and acceptance of the alternate hypothesis. There was a significant statistical partial mediating effect of dynamic capabilities on the relationship between democratic leadership and firm survival of healthcare-based SMEs in Nairobi City County, Kenya. The conclusion drawn was that the strength of the relationship between democratic leadership and firm survival in healthcare-based SMEs is dependent on the level of dynamic capabilities generated from deployment of democratic leadership practices.

While the strength of the direct relationship between democratic leadership and dynamic capabilities in step two was high (β coefficient=0.736), the mediated relationship between democratic leadership and firm survival on introduction of dynamic capabilities in step four was negative (β coefficient=-0.088). The researcher's expectation was that democratic leadership would work best by generating dynamic capabilities (adjusted R^2 was 54.1% in step two) which would

have meant that the mediated relationship between democratic leadership and firm survival (Step four) should be positive and very strong, contrary to the observed findings. The researcher observed that, for the mediating effect to be explained in this study, a scholarly understanding of how the embraced leadership style allows the development of the firm's dynamic capabilities is necessary so as to explain how it would predict business survival.

The observed behavior of both the independent and mediating constructs across the four steps of mediation raised some dilemmas that the researcher considered necessary to address in the quest to find justifiable explanation to the behavior of the phenomenon investigated. The fact that high levels of dynamic capabilities were generated from the deployment of democratic leadership (Mean=4.102, SD=0.905) yet when the same level of capability was introduced into the model when democratic leadership was present and produced a negative and reduced effect on survival required a scholarly attention. From the reported descriptive statistics results and those from qualitative data, it is observed that there is some level of concurrence between the findings from the exploratory factor analysis on the construct of dynamic capability and those from the codes generated from the outstanding excerpts by the key informants. The exploratory factor analysis extracted five components that touched on situational analytical capabilities, strategy development capabilities, strategy execution capabilities, market oriented capabilities, and resource configuration capabilities.

On the other hand, the key themes generated through systematic thematic analysis based on codes guided by the themes that were drawn from the analyzed quantitative data revolved around situational analysis, strategy development, execution, business model, and market focus. However, in considering some excerpts

from some of the key informants, this gave some insights into the possible explanation of the dilemma experienced in the manner that the independent and mediating constructs behaved in the course of the four step empirical analyses. When asked about the ways in which healthcare facilities build sustainable competitive advantage, key informants V1, MW1, LN1, JN1, CH1, and W1expressed statements that shed light on some of the critical components that comprise the extracted factors and themes that the researcher considered to hold the key to explaining the direction of the phenomenon exhibited by results in hypothesis 4.

Respondent V1 stated that, “a leader must know how to identify a shortfall or a challenge within a very short time”. Respondent MW1 highlighted the leader’s role in identifying opportunities in healthcare facilities. Respondent LN1 emphasized the leader’s ability to understand the gaps in a healthcare facility and ways of addressing them. He stated that, “I knew I had financial management gaps, you know, I know, you understand your own weaknesses”. Respondent JN1 observed that, “if you have strategic plans in place and you have a standard operating procedures, you can be well equipped for any changes which may come along”. Respondent CH1 emphasized the role of “engaging competent personnel who are able to articulate and make data-driven decisions that will help the organization to make its own decision about the untapped markets”. Respondent W1 highlighted the importance of accurate diagnosis. He shared that, “maybe you have the best intentions, but you have completely misread the market”.

A follow up question by the researcher sought to determine the extent to which democratic leadership style influenced development of the appropriate dynamic capabilities in the healthcare facilities. For a start, respondent O1 observed that;

> While applying democratic leadership, we cannot collect views from anyone. ….. You will be wasting a lot of time. Yeah. It is hard to come to a conclusion.

> It takes a lot of time, and you get the wrong results. And the wrong decision. And that is why many SMEs fail.

Respondents S1, MW1, CH1, O1, and V1 added their contributions about democratic leadership by stating that;

> Democratic leadership is quite important, it is essential. If I have to make a decision, then those who have the capacity and the authority to make a decision, of course we look into their contributions more, with more weight as opposed to those people who have no capacity to go to the top (S1).

> And democracy is about people, it is not about revenue, sales, it is about those people, how are you managing them, how are you leading them. So, majority of people, it could be, I think, the leader is a problem, managing people (MW1).

> The organization through HR communicates change initiatives and the bottom line of the HR function is to align the human resource to the business strategy…. You know, performance is not only financial, performance is also behavioral. How are you aligning this behavior to achievement of the strategy? So, alignment of the behavior to the achievement of strategy is to ensure that you have employees who have the requisite skills, smart and technical competencies……. When you are a democratic leader, you align yourself with the needs of the people. And it is the people who work on machines, materials, methods, systems and money. You can have the best resources within the organization, but if you lack the people to work on those resources, you are bound not to succeed…. You know, based on that, change management is so critical. And the current shift in dynamics in HR are the aspect of reskilling and multiskilling. So that you can have a competent workforce that can help you diagnose the disease and not treat symptoms (CH1).

> Do not first blame the employee on a low performance. Think beyond what you are saying. And the biggest contributor on the poor performance is social issues. And the only thing we can do is to find out and see whether those social issues are there and work with the employees to correct them. Because it's the employees who improve performance (O1).

> We can even grow direct collaborations. That collaboration is very important. And I think that is why, to some extent, I support that current system, because it will ensure that one, we are not overcrowding the major hospitals there (V1).

Out of these observations, the emerging concern seems to touch on HR based competence, social issues in the place of work, and networking capabilities. The outstanding actions that the key informants highlighted included; identifying opportunities, understanding firm's own weaknesses, strategic plans, standard operating procedures, competent staff, reading the market, leadership functions, and

building networks. The researcher concludes that, the leaders in the healthcare facilities were aware of the centrality of the five categories of the extracted dynamic capabilities but the adopted leadership practice did not favour the generation of the most appropriate form of the dynamic capabilities that would lead to positive performance outcomes.

The observation provides useful insight in terms of understanding the manner in which democratic leadership was deployed in the sampled SMEs. The essence of deployment of leadership is to serve the role of aligning followers with the goals of the organization so that in this way, leadership can be described to have served its role of providing direction toward achievement of organizational goals by offering the direction through influence that intrinsically motivates the followership. The role of the dynamic capabilities in this case is to serve as a detector as to whether the deployed democratic leadership has served this role. The themes generated from the key informants serve to provide evidence that even though democratic leadership was deployed, it was not done to provide the required role of directing the followership towards attainment of organizational goals by generating follower based HR competences.

These three themes generated from the key informants have both conceptual and strategic implications that could speak to the link between deployment of democratic leadership and its connection to the development of the required set of dynamic capabilities. While several capabilities have been observed in the findings, what is highlighted in the three items raised by the key informants, points to the areas of focus that deployment of democratic leadership needs to address in order to bring about the types of capabilities that are anchored on generating HR based competences that would account for possible positive organizational outcomes. The justification for

this draws attention to the strategic manner of the deployment of democratic leadership to bring about dynamic capabilities.

The Dynamic Capabilities Theory that the study relied on was developed as a complementary theory to the RBV (Barney, 1991). Considering the postulates of the RBV would help in understanding how democratic leadership would be deployed with a focus on generating HR based competences that can bring about distinctiveness that results from the social issues alluded to by the key informants as well as the networking capability. Jones (2010) argues that, collaboration within and among organizations is initiated and sustained by human factors, by the individuals in organizations thus, enhancing the role of human capabilities that the themes have supported. This logic places the followers at the centre of the point of focus in the deployment of democratic leadership when the intention is to exercise leadership influence and motivation of the followers towards the desired organizational outcomes.

The RBV approach by Barney (1991) is anchored on the VRION framework which points to some key imperatives that are people oriented on the dimensions of value, rarity, inimitability, organization, and non-substitutability. RBV posits that, proper exploitation of resources generates wealth and therefore the focus of organizations should be to deploy their resources for generation of economic value in a manner that is unique and superior to their rivals (Kero & Bogale, 2023). Resources as proposed by RBV, are either tangible, such as land and vehicles or intangible, such as brand equity, intellectual property, and operational processes and are responsible for a firm's competitive advantage over its competitors. Notably, the HR element of organizations has been cited as the perfect example of one type of resource that meets the requirements of the VRION framework by Barney.

The message we obtain from this logic is to question what the focus of the deployment of democratic leadership to generate dynamic capabilities has been. Due to the divergence between the observed and expected, the study pointed that the RBV needs to be an integral component of the deployment of democratic leadership so as to provide the general framework of the development of dynamic capabilities that will focus on bringing out HR based competences that the organization would be looking for in the deployment of democratic leadership, namely that of enabling realization of positive organizational outcomes.

A consideration of the descriptive characteristics displayed by the demographic data, served to support the above claims advanced in explaining the negative effect of democratic leadership when dynamic capabilities were introduced. The cross tabulation results presented in Tables 26, 28, 29, and 30 raised three concerns with regard to the HR competences. First with the majority of the respondents holding leadership positions being in the age brackets of 25-35 and 36-45 is critical areas of clinical services, administration, and CEO positions, it was questioned whether they were adequately equipped with the required competences that the industry requires for its survival. Secondly, in terms of the education levels, there is high skewness towards Diploma and Bachelors level qualifications, thus questioning the cognitive capabilities of the leaders to meet the requirements of the industry for survival. Thirdly, there is the issue of generational attributes of the respondents. As evidenced from the data, a majority in the sample belonged to the age brackets of Generations X, Y and Z (n=394) while at the same time the males outweighed the females (n=286, n=198 respectively). According to Bencsik *et al*. (2016), the orientation behaviours of Generation X, Y, and Z employees do not align with the attributes of democratic leadership. Further, Akonkwa *et al*. (2021) point out

that democratic leadership is embraced by leaders with higher levels of education. And in terms of gender, females will be more aligned to democratic leadership than the males.

The researcher also compared past empirical studies and the current study to expound the observed results. The set of the previous empirical studies related to the variable and the current study included those done by (Abdelkareem *et al*., 2022; Páez *et al*., 2022; Mashingaidze *et al*., 2022; Tawane & Muathe,2019; Pietronudo *et al*., 2022). The comparison of these studies with the current study findings paid attention to the conceptualization of the studies, the findings, and the methodological considerations.

From a conceptualization standpoint, it is observed that, a majority of the previous studies only investigated one cluster of dynamic capabilities and not the three as is the case with this current study (Tawane & Muathe,2019; Pietronudo *et al*., 2022). Thus, the current study is considered to be far much richer in terms of the conceptual rigor. In the past studies that considered the three categories of dynamic capabilities, the independent and dependent variables were different from democratic leadership and firm survival respectively. Where the construct of dynamic capabilities was considered a mediating variable, there was a lack of clarity on the mediation process (Abdelkareem *et al*., 2022; Páez *et al*., 2022; Mashingaidze *et al*., 2022). It is observed that the studies did not give prominence to well-defined outcomes of the effect of the three levels of dynamic capabilities as is the case for the current study (Páez *et al*., 2022). This study therefore provides more clarity in terms of the statistical process followed and the types and direction of outcomes that are linked to the deployment of democratic leadership.

In terms of the findings of the studies, the current study reports mixed findings. When the mediating construct of dynamic capabilities is regressed with the independent variable and the dependent variable in step 2 and step 3 of the mediating process respectively, positive effects were reported, which agreed with the findings of the previous researches. On the other hand, when the construct of dynamic capabilities was introduced as a mediating factor in step 4 of the statistical process, its effect on the independent construct produced negative effects which was inconsistent with those of previous researches.

Based on the findings, interpretations, and explanations provided by the researcher after testing the fourth hypotheses, several implications are raised. The first implication touches on the potential in democratic leadership to bring about dynamic capabilities. The overarching role of leadership when deployed in organizations is to provide direction through influence that intrinsically motivates followers and aligns them with the organizational goals for positive performance outcomes. When democratic leadership is deployed in organizations, it should enhance a firm's capability to identify opportunities, understand its weaknesses, develop strategic plans and operating procedures, have a competent workforce, and accurately read the market.

The second implication relates to how democratic leadership needs to be deployed in the healthcare sector to bring about the required set of dynamic capabilities. While deployment of democratic leadership has been shown to result in the development of a number of capabilities, the leadership process that influences their development in healthcare facilities should pay special attention to capabilities that enhance HR based competences. The strategic role of HR development function is to align the HR to the business strategy and this is guaranteed when the employees

have the requisite competences. Employees are the most important resources in any organization and therefore the embraced leadership styles and business strategies in healthcare facilities need to pay attention to HR policies that are intentional on development of the suitable dynamic capabilities.

The third implication touches on the complementarities between the democratic leadership theories and RBV for its optimal operation in bringing out the positive organizational outcomes. The principles on which RBV is premised explain the manner in which democratic leadership results in the development of HR based competences that are unique and distinct as compared to those of competitors, and are able to address social issues and build networking capabilities all of which are necessary for a firm's competitive advantage. Superior firm performance results from HR functions developed on the VRION framework which is characterized by value, rarity, inimitability, organization, and non-substitutability.

The implications that arise lead to conclusion on areas of contribution to knowledge. First, democratic leadership has the potential to unleash dynamic capabilities in organizational systems. Secondly, the implications provide more clarity in the conceptualization of dynamic capabilities and its set of organizational outcomes. Thirdly, the implications highlight the role of theories in strategic management in explaining the behaviors of democratic leadership in organizations.

Democratic Leadership, Firm Lifecycle Stages, and Firm Survival

The fifth study objective aimed at assessing the moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding hypothesis (**$H_0$5**) in its null form proposed that there is no significant moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of

healthcare-based SMEs in Nairobi City County, Kenya. The hypothesis testing adopted a two-step regression analysis based on a moderation model fronted by McClelland & Whisman (2005).

Step One: The Direct Effect of Democratic Leadership on Firm Survival

The first step which represented the basic model was intended to test whether the direct effect of democratic leadership (independent variable) on firm survival (dependent variable) had statistical significance. The composite index derived from combining the three significant extracted components of democratic leadership was adopted as the independent variable and the results of regression analysis of the variables presented in Tables 65, 66, and 67.

Table 65:Model for Regression of Democratic Leadership (composite) and Firm Survival

Model Summary

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	.134a	0.018	0.016	0.50764	0.018	8.764	1	480	0.003	1.31

Source: Survey Data, 2025.

Table 66:ANOVA Summary for Democratic Leadership (composite) and Firm Survival

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.258	1	2.258	8.764	.003
	Residual	123.693	480	0.258		
	Total	125.951	481			

Source: Survey Data, 2025

Table 67:Coefficients for Democratic Leadership (composite) when Regressed with Firm Survival

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.057	0.179		17.033	<.001
	DL(composite)	0.123	0.042	0.134	2.96	0.003

Source: Survey Data, 2025

The regression analysis outcomes on regressing composite democratic leadership with firm survival as presented in Table 65 showed an adjusted R Square (R^2) of 0.016. The implication was that the model predicted the survival of healthcare-based SMEs in Nairobi County by only 1.6 percent with the remaining 98.4 percent of the variation being attributed to other factors outside democratic leadership. ANOVA summary presented in Table 66 showed a probability distribution F= (8.764; P <0.05) and therefore the adopted model had a good fit for the data and that democratic leadership could be applied to predict firm survival.

The coefficient summary Table 67 indicated that the beta coefficient for composite democratic leadership from the regression model was β=0.134 (t=2.96, P <0.05). The conclusion drawn was that the effect of democratic leadership on firm survival although statistically significant was minimal. For every unit increase in democratic leadership practice, there was a corresponding 0.134 increase in firm survival. The equation summarizing the model is presented below:

FS=3.057+0.134 DL+ ε

Step Two: Firm Survival, Democratic Leadership, Firm Lifecycle Stages, and Interaction Term between Democratic Leadership and Firm Survival.

The second step tested the effect of democratic leadership, lifecycle stages, interaction term when regressed with firm survival as the dependent variable. The findings of the regression model are represented in Tables 68, 67, and 70.

Table 68: Model Summary of Regression Results for the Moderating Effect

Model Summary										
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	.146a	0.021	0.017	0.50731	0.021	5.195	2	479	0.006	
2	.222b	0.05	0.044	0.50045	0.028	14.217	1	478	<.001	1.328

Source: Survey Data, 2025

Table 69:ANOVA Summary of Regression Results for the Moderating Effect

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.674	2	1.337	5.195	0.006
	Residual	123.277	479	0.257		
	Total	125.951	481			
2	Regression	6.235	3	2.078	8.298	<.001
	Residual	119.716	478	0.25		
	Total	125.951	481			

Source: Survey Data, 2025

Table 70:Summary Coefficients of Regression Results for the Moderating Effect

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.125	0.187		16.693	<.001
	Democratic Leadership (COMPOSITE)	0.172	0.057	0.187	3.037	0.003
	Firm Lifecycle Stages (COMPOSITE)	-0.07	0.055	-0.078	-1.271	0.204
2	(Constant)	-0.736	1.041		-0.707	0.48
	Democratic Leadership (COMPOSITE)	1.081	0.247	1.177	4.368	<.001
	Firm Lifecycle Stages (COMPOSITE)	1.041	0.3	1.165	3.474	<.001
	DL*FLS	-0.258	0.068	-2.055	-3.771	<.001

Source: Survey Data, 2025

The model summary represented in Table 68 showed that the regression analysis resulted in an adjusted R square (R^2) value of 0.044 which meant that the model predicted 4.4 percent of the variation in firm survival. The summary of

ANOVA as presented in Table 69 showed a probability distribution value of F= (8.298; P <0.05) which inferred that the model was statistically significant and had a good fit for the data and therefore, could be used to predict the survival of healthcare-based SMEs in Nairobi County.

From Table 70, the regression analysis results showed that the standardized beta coefficient for composite democratic leadership was β=1.177 (t=4.368; P<0.05) and that for composite firm lifecycle stages was β=1.165 (t=3.474; P<0.05). The standard beta coefficient for interaction term derived from the product of democratic leadership and firm lifecycle stages was β=-2.055 (t=-3.771; P<0.05). This meant that the beta coefficients were statistically significant and could be used to predict the survival of healthcare-based SMEs in Nairobi County. The direct relationship between firm lifecycle stages and firm survival was insignificant (P=0.204), above the significance level of 0.05, which meant that the variable on its own had no contribution to the relationship. The equation summarizing the model is presented below:

FS=-0.736+1.177DL+1.165FLS-2.055DL*FLS.

Where FS represents firm survival, DL represents democratic leadership, and FLS represents firm lifecycle stages. Table 71 presents the summary of the two steps and the contents were applied to establish if moderation occurred.

Table 71:Summary of Regression Outcomes for the Moderating Effect

Parameter	Step 1	P-value	Step 2	P-value	Change	Conclusion
R Squared	0.018	-	0.05	-	0.032	Firm lifecycle Stages has moderating effect on the relationship between
Adjusted R Squared	0.016	-	0.044	-	0.028	
F Statistics	8.764	0.003	8.298	<.001	-0.466	
β Constant	β_{010}=3.057	<.001	β_{033}=-0.736	0.48	-3.793	
β Democratic Leadership	β_{11}=0.134	0.003	β_{34}=1.177	<.001	1.043	

β Firm Lifecycle Stages	-	-	β_{35}=1.165	<.001	-	Democratic leadership and firm survival
β Interaction Term	-	-	β_{36}=-2.055	<.001	-	

Necessary Conditions for Moderation

β_{11}=0.134, P=0.003 hence significant

β_{35}=1.165, P<0.001 hence significant

β_{36}=-2.055, P<0.001 hence significant

Source: Survey Data, 2025

From the regression outcomes shown in Table 71, the adjusted R square (R^2) for the direct effect between democratic leadership and firm survival in step 1 was 0.016 meaning there was a minimal variation of 1.6 percent in survival of healthcare-based SMEs explained by democratic leadership. Additionally, the standardized beta coefficient and p-values were 0.134 and <.001 respectively inferring that democratic leadership was significant in predicting firm survival. Upon the introduction of firm lifecycle stages as a moderator between the variables as represented in step 2, adjusted R square (R^2) increased by 0.028 to 0.044 and standardized beta coefficient by 1.043 to 1.177. This meant that the effect of democratic leadership (predictor variable) increased with the increase in the overall explanatory power of the relationship. Thus, 2.8 percent of the change in firm survival upon introduction of the moderator was explained by democratic leadership.

The researcher relied on model by McClleland and Whisman (2005) to draw conclusions on the moderation effect of firm lifecycle stages. The regression coefficient (β_{36}) of the interaction term can estimate the effect of moderator on the relationship between independent and dependent variables. The model posits that a moderating variable is considered to be an explanatory variable if the beta coefficient

values change from being statistically significant to being non statistically significant. However, when the moderating variable exerts a moderating effect, the beta coefficients (β_{36}) of the interaction term remains statistically significant.

The final decision to reject or accept the proposed null hypothesis depended on criterion by Fairland and MacKinnon (2009 as cited by Oketch *et al*., 2020) which opines that there is evidence of moderating effect on the relationship between independent and dependent variables if the regression coefficient of the interaction term (β_{36}) is statistically different from zero. From the study findings, the standardized beta coefficient (β_{36}) for the interaction term, a product of democratic leadership and firm lifecycle stages, was -2.055 at t= -3.771 and p-value <.001 which meant the coefficient was significant and statistically different from zero. Consequently, the null hypothesis was rejected and alternate hypothesis accepted which meant that, there was a significant moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi County, Kenya. The researcher explained the conclusions drawn from the findings of the fifth hypothesis basing on inferences derived from the conceptual nature of the moderating variable, descriptive statistics, the supporting theories, context characteristics, and previous research.

The researcher initially reviewed the descriptive behaviors of the construct of lifecycle stages in the context under which the investigation took place. It is observed that, when the initially conceptualized items that operationalized the elements of lifecycle stages were subjected to exploratory factor analysis, new factors were extracted. The researcher labeled the extracted factors as periodic size, centralized and formal management, delegation, and standardization. The overall variable mean score was 3.979 which meant that the respondents agreed to a high extent that the extracted

factors of firm lifecycle stages were adopted as important components of firm lifecycle stages that moderated the relationship between democratic leadership and firm survival. It is worth noting that the behaviors of the construct under the context of investigation had the intention of bringing out the contextual and structural characteristics displayed by healthcare facilities as they transition across the different stages of their growth cycles.

The researcher went further to explain the observed descriptive behaviours by reviewing critical opinions that were raised by key informants when asked about their perspectives in regard to how firm lifecycle stages relate to human lifecycle and the meaning they derive for healthcare facilities. Peculiar observations emerged that led the researcher to have an understanding of the observed findings. There was consensus by all key informants that firm lifecycle is related to human lifecycle but differed in that leaders can forestall the death of firms in contrast to human death as supported by the following excerpts. Key informant CH1 shared that, "the organization cannot grow unless it puts concerted effort to make it grow. Because if the organization is not growing, it implies that it is dying". Informants W1, MC1, and MW1 respectively stated that:

> I believe organizations go through the same cycles. They may not be completely in tandem with the human life cycles because I believe there is a way in which some of these organizations cannot leave us, meaning you can still hand it over to the next generation who can run with it. So it does not mean that when the owner leaves, the owner dies, the business dies with them (W1).
>
> Companies are born, they grow, we see them grow, but if we are not careful, we see them die. Decision at the time of growth needs to be refocused to see the continuity. So in this case, leadership needs to really work on transitions (MC1).

> First of all, companies are not like human beings. In fact, something I have been saying, companies are not living things, so they are not supposed to die. If a company dies, it means they are killed. Companies do not undergo natural death. They are killed by human beings (MW1).

Explanation by respondent V1 highlighted leadership challenges as a leading cause of collapse of SMEs. “But one of the challenges that I know is affecting most of us, the main one challenge is poor leadership, … poor management” (V1). Further, respondent MC1 emphasized the role of leadership style in firm success. He shared that, “I agree, the style of leadership may improve performance. It is the way to go. Democratic leadership is the way to go. Successful businesses have embraced that”.

From the in-depth discussions, the researcher was able to bring out the desire for growth and sustainability as a motivating factor that drives leaders to embrace leadership styles that enable healthcare facilities to navigate through transition challenges associated with lifecycle stages. In addition, the leaders were considered to be conscious of the possible effects of external environment and the threat of extinction. In considering the context of investigating the construct of firm lifecycle stages, it is evident that the extracted firm characteristics of periodic size, centralized and formal management, delegation, and standardization are critical factors that leaders need to pay attention to in understanding the effect of firm lifecycle stages on firm survival.

Further, a majority of the key informants vouched for democratic leadership practice as the preferred leadership style that has the potential of surmounting the changes of lifecycle stages and improving firm survival rates. Based on the themes that emerged from systematic thematic analysis of the qualitative data, it is observed that leadership styles that consider succession planning and empowering others to ensure business continuity were shown to be important approaches to surmount the complexities associated with lifecycle stages. Personality characteristics of a growth mindset, self-awareness and those which promote interdependence and not independence were also shown to be critical.

The moderating effect of the variable was further explained by Greiner's (1972) Model of Organizational Growth. The model posits that growth of organizations is defined by different phases of development and the unique risks and opportunities they are associated with (Rahmanseresht & Yavari, 2017). The initial stages of each of the phases, referred to as period of evolution, are characterized by exponential growth and a stable environment (Lu & Wang, 2018). The end of each growth phase, referred to as a period of revolution, is marked by a crisis during which organizations experience turmoil and uncertainty. The study suggested that, to deploy democratic leadership to sustain growth trajectory in organizations, the leadership process should pay attention to adaptive leadership strategies and mechanisms that address changes associated with crises of transition. The model emphasizes the role of the leaders as critical in helping to transform the risks associated with the crises into opportunities that put growth back on track.

The model explains how organizational growth expressed as change in firm size over time affects organizational behaviors and leadership practices. The quantitative findings highlighted periodic size (age and size) as a dimension of firm lifecycle which is critical for firm survival and therefore adopting democratic leadership in such contexts requires understanding of the behaviors it exerts in the context of investigation. Greiner's Growth Model associates age with employee behaviors, attitudes exhibited by mangers, and the experiences gained in the facilities which become sources of learning. Organizational behaviors are characterized by attributes of creativity, direction, delegation, coordination, and collaboration depending on the degree of complexity of their internal operations as determined by the sizes and age. Likewise, the leadership styles that are applied are geared towards addressing crises associated with autonomy, control, and bureaucracy. The model

brings out critical leader behaviors that consider creativity, setting direction, delegating, coordination, and collaboration to be very critical when democratic leadership is applied to address the changes of growth as organization transition across lifecycle stages.

The characteristics of the context under which healthcare based SMEs operate were also considered to shed more light on the moderating effect of firm lifecycle stages. The ecosystem of private healthcare facilities in Nairobi is characterized by high competition, harsh macroeconomic conditions, and unfriendly government regulations which were found to impact overall firm success. The observations were in alignment with suggestions by Secundo *et al.* (2019) that healthcare ecosystem is complex due to heterogeneous nature of the industry players. The findings of the qualitative phase showed that poor infrastructure, unfavourable tax regulations, limited access to raw materials, and competition were some of the characteristics that defined the private healthcare sector and had a bearing to the success of healthcare-based SMEs. For instance, in support of the effect of context on business success, respondent LN1 shared certain contextual challenges that have affected his business over time;

> The environment where my business is located is in the slums. In the slums, we do not get constant electricity supply from Kenya Power. Most residents get electricity through illegal connections and as a result, you get a lot of interruptions of normal power supply. There is a lot of interruption by cartels and the young boys who are working in the slums. So I had to switch off my electricity and turn to solar power.

In view of these observations, it can be said that both the quantitative and qualitative findings are a confirmation that the characteristics that define lifecycle stages condition the relationship between democratic leadership and firm survival. While phases of evolution are a reflection of growth and effective leadership, the phases of revolution are evidence of growth challenges and crises that test the leadership

capabilities. The experiences that organizations face in the various stages are sources of great learning for leaders and determine the suitability of the developed dynamic capabilities for firm survival.

Lastly, the study reviewed previous empirical researches to highlight any points of congruence and divergence with the current study to explain the findings on the moderating effect of firm lifecycles stages. The studies paid attention to different attributes that characterize firm lifecycles stages (Enesi & Ibrahim, 2021; Kitenga *et al*., 2020; Radipere & Dhliwayo, 2014; Rahmenseresht & Yavari, 2017; Trung, 2021) and their effect on various aspects of performance outcomes. The areas that the researcher paid attention to related to conceptualization, underpinning theories, and the findings.

On conceptualization, while the previous studies used different attributes of lifecycle stages as the predictor variable, the current study adopted those found in Greiner's Growth Model. Likewise, the current study measured the performance outcomes in terms of firm survival based on measures of BSC while the previous studies applied different measures such as leadership style, firm growth factors, and firm performance. Although the previous studies were investigating lifecycle stages, a majority of them differed from the current one in that not all were underpinned in the lifecycle models. The current study shared similarity with that of Rahmanseresht and Yavari (2017) in that their reasoning was founded on postulates of Greiner (1972) Growth Model.

In regard to the comparisons based on study findings, there were varying results with some of the measured lifecycle attributes showing positive effects on performance outcomes while in other cases, there was no effect of attributes of lifecycle stages such as firm size on performance outcomes. In the current study, it

was observed that the lifecycle attributes of periodic size, centralized and formal management, standardization, and delegation have a positive moderating effect on the relationship of democratic leadership and firm survival. The direct relationship between firm lifecycle stages and firm survival was not significant which meant the variable on its own did not contribute to the relationship.

The message brought out by the fifth hypothesis raises several implications on leadership scholarship. The first implication relates to the effect of firm lifecycle stages on the relationship between democratic leadership and firm survival. Successful implementation of democratic leadership to enhance transition rates of organizations across different stages of their growth cycles is dependent on the extent to which the leader understands the contextual and structural characteristics that an organization exhibits at any one time.

The second implication touches on the manner in which democratic leadership is deployed in healthcare-based SMEs to influence their survival by embracing leadership process that focus on addressing growth changes that result from transitions across lifecycle stages. To optimize democratic leadership practice in healthcare-based SMEs to lead to positive organizational outcomes, leaders need to be conscious of the likely effects of external factors and possibility of extinction as organizations grow. Effective democratic leadership practice intended for improved firm survival rates should pay attention to leadership processes that focus on succession planning and empowering others to ensure business continuity.

The third implication relates to the postulates of Greiner's (1972) Growth Model that explains growth of organizations. Organizational growth is defined by the different phases of development and the unique risks and opportunities that each is associated with. The model highlights the contextual characteristics of periodic size

that touch on firm age and size as a measure of firm growth which in turn affect organizational behaviours and leadership practices. Optimal deployment of democratic leadership practice that is geared towards sustainable firm growth requires a growth mind-set and adaptive leadership styles as motivating factors that drive the transition process.

The findings of the fifth hypothesis have important contributions that they make to the body of knowledge. First, they have provided direction on the manner in which democratic leadership is constrained by contextual and structural characteristics associated with firm lifecycle stages to bring about positive outcomes associated with firm survival. The study was able to demonstrate that the flexible and adaptive nature of democratic leadership has the potential to surmount crises associated with growth phases of revolution and translate them into opportunities for exponential growth in the evolution phase of growth.

Secondly, the findings offer lessons on the role of Griener's (1972) Growth Model that represents a system phenomenon that is able to infuse theory into leadership practice and is able to bring out a business phenomenon commonly exhibited by organizations as they go through different stages of their lifecycle. The model posits that, for organizational growth to be sustained, leaders ought to have an understanding of the stage at which their organization is at a particular time. Further, firm growth commonly expressed as firm size and age affects organizational behaviors and leadership practices. Finally, the study findings offer satisfactory explanations which cement the case of embracement of democratic leadership in organizations to improve their survival rates.

Summary of the Test of Hypotheses

The section gives a summary of the results from tests done on the five study hypothesis. The decisions that were made by the researcher based on the study findings and drawn conclusions were presented in Table 72.

Table 72:Summary of the Outcomes of the Hypotheses Testing

Hypothesis	Findings	Decision	Conclusion
H01: There is no significant effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya.	P=0.003(P<0.05)	Reject H01	Democratic leader behaviors have a significant negative effect on the survival of healthcare-based SMEs in Nairobi City County, Kenya.
H02: There is no significant effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya	P<.001(P<0.05)	Reject H02	Democratic leader workplaces have a significant positive effect on the survival of healthcare-based SMEs in Nairobi City County, Kenya.
H03: There is no significant effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya	P=0.003(P<0.05)	Reject H03	Democratic stewardship has a significant positive effect on the survival of healthcare-based SMEs in Nairobi City County, Kenya
H04: There is no significant mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.	P<.001(P<0.05)	Reject H04	Dynamic capabilities have a significant negative partial mediating effect on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.
H05: There is no significant moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.	P<.001(P<0.05)	Reject H05	Firm lifecycle stages have a significant moderating effect on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya.

Source: Survey Data, 2025

Summary of Chapter Four

This chapter presented the results and discussions of the data that was collected in accordance with the requirements of explanatory sequential mixed-method research design. The introduction provided tables of a summary of quantitative issues that emerged from results of analysis of descriptive characteristics of the study constructs and inferential statistics that led to designing questions for the interview protocol for the qualitative phase. The introduction also gave a summary of the tables and thematic maps of the findings of the second phase of thematic data analysis. Demographic characteristics of the respondents and the firms in which the investigation took place were presented in form of tables and brief discussions followed by exploratory factor analysis results.

The chapter also presented reliability tests and descriptive statistics for all the variables based on the extracted factors of the study constructs including those for firm survival. The descriptive statistics were discussed in terms of mean, standard deviation and factor loading. Prior to carrying out inferential statistics, the data was subjected to diagnostic tests of normality, linearity, multi-collinearity, and sampling adequacy. The final section of the chapter presented the inferential analysis results after the five hypotheses were tested to answer the research questions using regression models supported by SPSS software.

The findings were explained based on conceptual characteristics of the constructs, contexts of investigation, theoretical underpinnings, and previous empirical researches. The outstanding excerpts, codes and themes generated from in-depth discussions helped the researcher to clarify some concerns raised by the quantitative data. In each of the hypotheses, conclusions were drawn, implications

identified, and areas of new knowledge highlighted to demonstrate how the identified research gaps were addressed by the study findings.

CHAPTER FIVE: SUMMARY OF FINDINGS, RECOMMENDATIONS, AREAS FOR FURTHER RESEARCH AND CONCLUSIONS

Introduction

The fifth chapter provides a summary of the key study findings in accordance with the study objectives and discussions based on theory, past research, policy, and practice in the reviewed literature. The chapter also considers the conclusions drawn from the findings and the related explanations. The implications of the study are also highlighted and the recommendations made for the practice of democratic leadership in organizations. Lastly, possible areas of future research and chapter summary are presented.

The key findings were summarized and discussed based on the five study objectives. The general study objective was to investigate the relationship between democratic leadership, dynamic capabilities, firm lifecycle stages, and the survival of SMEs in the healthcare sector in Nairobi County. The five specific objectives were: to investigate the effect of democratic leader behaviors on SME survival, to explore the effect of democratic workplaces on SME survival, to evaluate the effect of democratic stewardship on SME survival, to test the mediating effect of dynamic capabilities and assess the moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County.

The researcher employed explanatory sequential mixed method design which embraced a two-phased approach for data collection and analysis. Quantitative data were initially collected and analyzed in the initial phase. Gaps that emerged were used to generate questions for the interview protocol in the follow-up phase of qualitative data with a view of explaining the quantitative data. The research design was considered appropriate because of the existing known theories relating to the study

variables and the research gaps from previous empirical studies. The breadth and the depth of the research design enabled the study to suggest a framework that can be adopted to implement democratic leadership practice in organizations.

Summary of Response Rate and Respondent Characteristics

The findings of the quantitative data relied on 482 respondents representing a response rate of 77%, while11 key informants provided data for the qualitative phase. The respondents consisted of business owners or CEOs and managers from other key departments of the healthcare facilities. The response rate showed male dominance in a majority of the leadership positions. There were more leaders in the age brackets of 25-35 and 36-45 as compared to the age brackets of below 25, between 45-55, and above 55. The demographics showed that more leadership positions were occupied by owner managers and CEOs as compared to others. From the sampled healthcare facilities, a majority fell in levels 2 and 3B categories. A higher number of employees per healthcare facility was recorded in healthcare facilities in levels 4 and 5 categories. The respondents were a source of primary data for analysis and presentation in the fourth chapter. Additionally, the data were applied to undertake diagnostic tests and also test the proposed hypotheses.

Exploratory Factor Analysis

The researcher initially conceptualized the dimension of democratic leadership as a constituent of a myriad of items. When the items were subjected to exploratory factor analysis, they were reorganized and new factors extracted based on the factor loadings and relevance to the dimension. Eight new factors for democratic leadership were extracted from the initial three, five for dynamic capabilities from the initial three, and four new factors for firm lifecycle stages. Firm survival was not subjected

to factor analysis. The clusters of items under the new extracted factors as shown in Table 73 were used for descriptive and inferential analysis.

Table 73 :Summary of Extraction Factor Analysis

Study Variable	Original Dimensions	New Dimensions after Exploratory factor Analysis
Democratic Leadership	Democratic leader behaviors, democratic workplaces, democratic stewardship	Direction setting, work structure, responsibility and accountability, teamwork and collaboration, inclusiveness, democratic communication, concern and care for others
Dynamic capabilities	Sensing capabilities, seizing capabilities, configuring capabilities	Situational analytical capabilities, strategy development capabilities, strategy execution capabilities, market oriented capabilities, resource configuration capabilities
Firm lifecycle stages	Age of the firm, size of the firm, evolution and revolution phases, sector growth rate	Periodic size, centralized and formal management, delegation, standardization

Source: Survey data, 2025

Summary of Descriptive Statistics

The findings of the descriptive statistics showed high agreement in opinions shared by the respondents in regard to how they perceived the application of the different metrics of the study variables. The overall aggregate mean score for democratic leadership was 4.215 which meant that the leaders believed in the various extracted factors of democratic leadership: direction setting (4.347), work structure (4.062), responsibility and accountability (4.396), integrity (4.277), teamwork and collaboration (4.174), inclusiveness (4.145), democratic communication (4.228), and concern for others (4.215).

On the developed dynamic capabilities, the overall aggregate mean score was 4.102 and the extracted factors were situational analytical capabilities (4.127), strategy development capabilities (4.083), strategy execution capabilities (4.04), market oriented capabilities (4.134), and resource configuration capabilities (4.127).

The factors extracted for lifecycle stages gave mixed feelings from the respondents with some of the items showing high degrees of agreement, while others showing moderate degrees of agreement. The variable aggregate mean score was 3.979. The individual factors were periodic size (4.239), centralized and formal management (3.978), delegation, and standardization (3.619). The overall aggregate mean score for firm survival was 3.645. The variable was not subjected to factor extraction and therefore measured the actual performance and not the respondents' opinions. The score represented moderate survival rates of the sampled healthcare facilities.

Summary of Findings of the Specific Study Objectives

Answers to the five study objectives were found through testing the respective hypotheses using multiple linear regression analysis assisted by SPSS v.26.0 software program. The results were presented in three tables: model summary table to measure variation of dependent variable caused by the predictor variable, ANOVA table to confirm if the model was statistically significant, and coefficient summary table to weight the significance of each predictor variable. Coefficient of determination (R square) was used to measure the variation of the dependent variable caused by the predictor variable, statistical significance was confirmed with p-values below 0.05, and the strength of the relationship between predictor and dependent variables was measured by use of standardized beta coefficients.

As mentioned above, regression analysis was carried out with the items of the new extracted factors under factor analysis. From the eight extracted factors of independent variable, only three were found to be statistically significant and were the same used for hypotheses testing. The items of the three significant factors corresponding to the items of the original dimensions of democratic leadership were

linked together and used for the inferential statistics. The construct of democratic leader behaviors was tested with measures for direction setting, democratic workplaces with measures for democratic communication, and democratic stewardship with measures associated with integrity. The hypotheses for mediation and moderation were tested using composite variables and the interpretation done through the changes observed in the beta coefficients on incorporation of mediator and moderator respectively.

Effect of Democratic Leader Behavior on Survival of Healthcare-based SMEs

The first specific objective was to investigate the effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding hypothesis in its null form proposed that there was no significant effect of democratic leader behaviors on the survival of healthcare-based SMEs in Nairobi City County, Kenya. From exploratory factor analysis, the dimension of democratic leader behavior was shown to correspond with measures of direction setting and therefore these were used to test the hypothesis.

The findings of hypothesis one showed a standardized beta coefficient of β =-0.203 and p-value of 0.003, which led to the rejection of the null hypothesis. The inference drawn was that democratic leader behaviors relating to direction setting have a significant negative statistical effect on the survival of healthcare-based SMEs in Nairobi County. Even though the descriptive statistics showed high adoption of elements of democratic leader behavior related to direction setting, a concern was raised why the inferential findings showed a negative contribution of democratic leader behaviors relating to direction setting on firm survival. The researcher used several approaches that also incorporated discussions with key informants to explain the findings.

First, the extracted components of democratic leader behaviors corresponding to direction setting were compared with themes that emerged from qualitative discussions. It was observed that, the extracted leader behaviors corresponding to direction setting that leaders in the healthcare facilities paid attention to and which focus on providing vision, setting clear achievable goals, providing adequate resources, allowing flexibility in decision making, determining standards for evaluating performance, changing leadership style to match situational demands, and combining firm resources and competencies in different ways to accomplish tasks, were not aligned with the spirit and practice of democratic leadership in the context of investigation. Considering the observations of the key informants, for optimal adoption of democratic leader behaviors relating to direction setting to enhance firm survival, it is suggested of the need to incorporate leader behaviors that not only provide direction but also play the role of monitoring the progress of implementation of the series of activities for achieving the desired direction and dealing with possible distractions that derail the path to the realization of desired goals.

In consideration of the context in which the study was undertaken, the researcher observed that work processes and decision making in the healthcare sector are guided by scientific principles. Adoption of democratic leadership under such contexts would mean delays and increased costs of service delivery to clients, a majority of whom are patients. The implication is that leader behaviors of direction setting in healthcare facilities may not favour democratic processes and therefore the observed negative effect.

The researcher also sought explanations from the postulates of democratic and situational leadership theories that anchored the construct. The in-depth interviews showed that optimal adoption of democratic leader behaviors relating to direction

settings to improve firm survival needed a balance between supportive and directive behaviors. It is worth noting that the adoption of postulates of the Democratic Theory which gravitates towards supportive leader behaviors and those of Situational Leadership Theory as a complimentary theory that advances balancing of pro-organization and pro-people behaviors could not fully explain the negative effect of democratic leader behaviors relating to direction setting on firm survival. This raised the need for the researcher to seek theoretical reasoning of Blake and Mouton's Managerial Leadership Grid that explains how leaders influence followers to achieve organizational goals by combining task and relationship oriented behaviors to different extents. From the grid, it is observed that democratic leader behaviors related to direction setting can best be practiced when democratic leaders possess certain leader competences that enable them to adopt a team management leadership style that pays attention to leader behaviors that favor high task accomplishment and strong interpersonal interactions.

Lastly, a comparison of the current study with previous empirical researches was done in terms of conceptualization, context of investigation, and the observed findings. Conceptually, the current study was similar to the previous researches partly in terms of the construct measured for the predictor role but differed in terms of the number of constructs paired with direction setting serving the predictor role and measured organizational outcomes. Contextually, the previous studies were undertaken in larger organizations while the context for current study was small and medium enterprises in the healthcare sector. In terms of the findings, the current study findings differed in that the significant effect of the predictor variable on the dependent variable was negative while the previous studies found significant positive effect.

The reported findings on the hypothesis (**$H_0$1)** raise several implications. The first implication touches on the role of direction setting as a component of democratic leader behaviors required for positive performance outcomes. The second implication touches on the manner in which leaders in healthcare-based SMEs deploy democratic leader behaviors that focus on direction setting to bring about influence that leads to positive firm survival. The third implication touches on the need to extend the scope of Democratic and Situational Leadership theories that anchor the application of democratic leader behaviors to incorporate the Blake and Mouton Managerial Leadership Grid.

The findings and the conclusions drawn on the first hypothesis have significant contributions to body of knowledge. First, the findings provide useful insights into the way different attributes of leader behaviours relating to direction setting contribute to the practice of democratic leadership in managing organizations. Secondly, the findings through the construct of democratic leader behaviors provide an opportunity to extend and replicate the research in larger organizations in non-health sector. Thirdly, the findings shed light on the understanding the role of multidisciplinary set of theories in explaining democratic leader behaviors in democratic leadership scholarship.

Effect of Democratic Workplaces on Survival of Healthcare-based SMEs

The second specific study objective was to explore the effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding null hypothesis proposed that there is no significant effect of democratic workplaces on the survival of healthcare-based SMEs. The hypothesis was tested with workplace items that related to democratic communication as they were found to be statistically significant after exploratory factor analysis. The study

findings showed a standardized beta coefficient $\beta = 0.205$ and p-value of less than 0.001 and therefore the null hypothesis was rejected. The attributes of democratic workplaces corresponding to democratic communication on firm survival had a significant positive statistical effect. To explain the findings, three bases were used namely; the descriptive behaviors of the construct, the context characteristics, and past empirical researches.

First, the findings of the descriptive behaviours of the construct of democratic workplaces depicted a high sub-variable mean score of 4.228 which meant high agreement of the measures of democratic workplaces relating to democratic communication in healthcare facilities and therefore a likelihood of high firm survival rates. There was consensus among the respondents that to a high extent, communication from top management was done with respect, managers and supervisors listened to the views of subordinates, and communication from top management to others was done with clarity. The descriptive findings were also supported by excerpts from key informants by highlighting the central role played by work climates that fostered an open, systematic, and two way-communication by allowing freedom of expression, feedback, engagement in even-leveled meetings and above board discussions in healthcare facilities. Leadership processes geared towards developing democratic workspaces that allow communication to take a democratic approach result in a more engaged and motivated workforce.

In terms of the characteristics of the context of investigation, it was noted that the ecosystem of healthcare-based SMEs is very heterogeneous and is faced with internal and external challenges that may create communication barriers and therefore impede adoption of democratic leadership practice. To explain the positive effect of democratic workplaces on firm survival, the study categorized the construct into

physical and psychological work spaces. Physical spaces were considered to comprise the structural designs and infrastructure in place to enhance human interaction whereas psychological spaces comprised the followers' feelings and perceptions about there being freedom of expression and participation in decision making. While the descriptive behaviors supported psychological workspaces, the key informants highlighted innovative approaches such as integrating technology into communication processes and multi-meetings that enhance human interaction and remove communication barriers as part of the physical spaces that supported democratic communication practice.

The researcher also reviewed previous empirical studies related to the construct and compared them with the current study in terms of how they were conceptualized and the observed findings. Both the previous studies and the current study showed similarity in terms of the items used to measure independent variable but differed in the way the dependent variable was measured. Likewise, the findings demonstrated similarity in that the effect of democratic communication dimensions showed a significant positive statistical effect on dependent variable in both the previous researches and the current study. Based on the findings observed on hypothesis **($H_0$2)**, a set of implications arose relating to the way democratic communication is deployed as a component of democratic workplaces in organizations and the role played by the characteristics of the organizations. The conclusion made on the second hypothesis highlight several areas of contribution to new knowledge both in democratic leadership and in other spheres. First, it highlights how leadership practice can be integrated in development of democratic workplaces to promote democratic communication in organizational systems. The second is in understanding the contextual inclination of democratic workplaces it terms of physical

and psychological spaces and what it portends for democratic leadership practice in organizations.

Effect of Democratic Stewardship on Survival of Healthcare-based SMEs

The third specific study objective evaluated the effect of democratic stewardship on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The corresponding null hypothesis proposed that there was no significant effect of democratic workplaces on the survival of healthcare-based SMEs in Nairobi City County, Kenya. The hypothesis was tested using the measures of integrity which were found to be statistically significant from exploratory factor analysis. The strength of the relationship between democratic stewardship and firm survival had a standardized beta coefficient of $\beta = 0.210$ and p-value of less than 0.003 and therefore the null hypothesis was rejected. The researcher went further to explain the observed significant positive statistical effect of democratic stewardship attributes relating to integrity on firm survival using several approaches.

First, the study considered the descriptive characteristics of the construct in the context of investigation. From the findings, the overall sub-variable mean score was 4.277 which meant that the respondents agreed to a high extent that the measures of democratic stewardship that relate to integrity were embraced as important components of democratic leadership for the survival of healthcare-based SMEs. Further, there was concurrence among the respondents that management required employees to be honest and ethical in their actions, decision-making process embraced fairness and equity, there was an established code of conduct that guided employees' behaviors, top management promoted team spirit at all levels of the organization, and there was seamless flow of information from top down and vice versa.

The themes generated from qualitative data corroborated the descriptive results and demonstrated that effective democratic stewardship practice as a component of democratic leadership requires compliance with certain values and behaviors that build trust and honesty within the entire organization and in turn, direct employees to do the right thing in the right way, have a deep sense of responsibility in their undertakings, work responsibly, take care of organizational resources, and set a good example.

Secondly, the postulates of the Stewardship Theory were also considered to explain the observed behaviour of the construct. Although the theory posits that ethical and moral behaviours are important principles that build trust within the entire organization, it does not explain the leader qualities that link attributes of integrity as a component of democratic stewardship to follower expectations. This prompted the researcher to seek the reasoning behind the Servant Leadership Model that considers principles of caring for others as the force that drives the influence process. Based on the Servant Leadership Model, it is argued that optimal deployment of democratic leadership to enhance employee commitment and engagement requires attributes of integrity that focus on concern for others. When followers feel valued, they readily collaborate with others to build strong teams that result in superior performance outcomes.

Thirdly, the characteristics of the context of investigation were considered to find if they had a contribution to the positive effect of democratic stewardship. It is worth noting that, the quality of services in the healthcare sector is dependent on the extent to which there is trust between the patients and the healthcare professionals which means principles of democratic stewardship have an implication on the rendered services. Lastly, the previous empirical researches were also compared with

the current study with a view to seeking further explanations to the findings. The findings of the previous researches and those of the current study showed similarity in that the various items corresponding to integrity that were used to measure the predictor variable had a significant positive statistical effect on the outcomes of the various leadership functions. The studies also differed in terms of methodology with the current study embracing a mixed method research design while a majority of the previous researchers embraced a quantitative research design. In terms of the context of investigation, the previous studies were undertaken in non-healthcare sectors. Additionally, some of the studies were done in economies similar to the Kenyan situation while others were done in different economies.

Based on the explanations and conclusions that were made on hypothesis (**$H_0$3**), the observed findings raise some implications that touch on the way democratic stewardship components that relate to integrity function upon deployment in organizations, the way in which democratic stewardship as a component of democratic leadership is deployed in healthcare facilities, and theoretical anchorage. The findings and explanations derived from the third hypothesis offer insights into new knowledge to democratic leadership scholarship and to leadership practice at large. Firstly, they provide an understanding on the conceptualization of democratic stewardship as a component of democratic leadership that can be infused in leadership practices to enhance overall firm performance. The second area revolves around understanding the integration of the Democratic Leadership Theory, Stewardship Theory, and Servant Leadership Theory to explain the deployment of democratic leadership. The third area concerns understanding the role of followers as good stewards whose behaviors are guided by organizational governance structures that focus on benefits for all stakeholders.

Mediating Effect of Dynamic Capabilities on the Relationship between Democratic Leadership and SME survival

The fourth specific objective tested the mediating effect of dynamic capabilities on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya and relied on Baron and Kenny Four Path Model (1986 as cited in Otuya, 2019) for testing mediation. The findings were that there was significant partial mediating effect of dynamic capabilities on the relationship between democratic leadership and survival of healthcare-based SMEs. Further, the mediated relationship between democratic leadership and firm survival on introduction of dynamic capabilities in step four was negative (β coefficient=-0.088).

In consideration of the results of step two of the mediation model (adjusted R^2 was 54.1%), the researcher expected democratic leadership to work best by generating dynamic capabilities which would have meant that the mediated relationship between democratic leadership and firm survival (step four) should have been positive and not negative as observed. The researcher concluded that a scholarly understanding of how the embraced leadership style leads to the development of the firm's dynamic capabilities is necessary to explain how it would predict business survival and therefore several bases were suggested to explain the observed mediating effect. Addressing the dilemmas that were observed from the way the independent and mediating variables behaved across the four steps of mediation was considered necessary in an attempt to find justifiable explanation to the behavior of the phenomenon investigated.

First, it was observed that there was concurrence between the results of exploratory factor analysis on the construct of dynamic capability and those from the

themes generated from the outstanding excerpts by the key informants. While the five extracted components touching on situational analytical capabilities, strategy development capabilities, strategy execution capabilities, market oriented capabilities, and resource configuration capabilities were shown to have been developed in the sampled healthcare facilities, the in-depth discussions from the key informants doubted if the adopted leadership process generated the appropriate form of the dynamic capabilities that would lead to positive performance outcomes. The study concluded that for democratic leadership process to bring about the suitable dynamic capabilities that result in positive organizational outcomes, the process should focus on developing dynamic capabilities that are anchored on generating HR based competences.

Secondly, the study considered the postulates of the Dynamic Capabilities Theory from the lens of having been developed as a complimentary theory to RBV. The researcher argued that principles on which RBV is premised help in understanding the manner in which democratic leadership can be deployed with an intention of generating HR based competences that infuse distinctiveness resulting from the social issues alluded to by the key informants as well as the networking capabilities. The VRION framework on which RBV is anchored suggests that the adopted leadership practices should focus on an organization's internal resources with a view of identifying competences and capabilities that enhance its competitive advantage based on the dimensions of value, rarity, inimitability, organization, and non-substitutability. The study pointed to the need of integrating the reasoning of the RBV in the deployment of democratic leadership so as to provide the general framework for developing dynamic capabilities that focus on bringing out HR based competences required for building an organization's competitive advantage.

Thirdly, the study found relevance in explaining the negative effect of democratic leadership when dynamic capabilities were introduced by also considering the descriptive characteristics displayed by the demographic data. The demographic diversity of the sampled leaders in terms of age, gender, positions held, and levels of education raised concerns with regard to the possession of the appropriate HR competences required in the industry for firm survival and therefore shedding light on the possible reasons for the negative effect.

Lastly, the researcher reviewed previous empirical studies and compared them with the current study. There were conceptualization differences with a majority of the previous studies focusing on only one cluster of dynamic capabilities and not the three as is the case with this current study. In terms of the findings, the current study reported mixed findings. While the mediation process in steps 2 and 3 gave positive results which agreed with the findings of the past studies, there were inconsistences when the construct of dynamic capabilities was introduced as a mediating factor in step 4 of the statistical process. Its effect on the independent construct produced negative effect which was opposite of what previous researches showed.

Several implications arise from the findings, interpretations, and explanations provided after testing the fourth hypothesis. The first implication is about the potential that deployment of democratic leadership has in developing capabilities. The second implication touches on the manner in which democratic leadership can be deployed in healthcare facilities to generate suitable dynamic capabilities required for positive organizational outcomes. The third implication relates to the complementary role of RBV on the reasoning of democratic and dynamic capabilities theories by incorporating the VRION framework in the deployment of democratic leadership to build an organization’s competitive advantage.

The implications that arose have some contributions to body of knowledge. First the implications bring about the understanding of the relationship between democratic leadership and dynamic capabilities in organizational systems. Secondly, they clarify the way the construct of dynamic capabilities ought to be conceptualized to bring about a set of organizational outcomes. Thirdly, the implications highlight the relevance of theories in strategic management in explaining the operation of democratic leader behaviors in organizations.

Moderating Effect of Firm Lifecycle Stages on the Relationship Between Democratic Leadership and SME survival

The fifth specific study objective assessed the moderating effect of firm lifecycle stages on the relationship between democratic leadership and the survival of healthcare-based SMEs in Nairobi City County, Kenya. The hypothesis testing was guided by McClleland and Whisman Model (2005) that helped to draw conclusions on the moderating effect of firm lifecycle stages. The findings upon introduction of the moderating variable into the relationship were that, standardized beta coefficient for the interaction term was -2.055 at t= -3.771 and p-value <.001 which meant the coefficient was significant and statistically different from zero. The conclusion drawn was that the construct of firm lifecycle stages had a moderating effect on the relationship between democratic leadership and firm survival. The findings were explained using the conceptual nature of the independent and moderating variable, descriptive statistics, the supporting theories, context characteristics, and previous research.

First, the descriptive behavior of the extracted factors of firm lifecycle stages namely; periodic size, centralized and formal management, delegation, and standardization had an overall variable mean score of 3.979 which was evidence that

they were considered to be important components of lifecycle stages that moderated the relationship between democratic leadership and lifecycle stages. Further, in-depth discussions from key informants fronted democratic leadership as a suitable style in the context of investigation. The study observed that, for optimal deployment of democratic leadership in healthcare-based SMEs to surmount the complexities associated with lifecycle stages requires a growth mindset and leader behaviors that focus on self-awareness, interdependence, succession planning, and empowering others.

Secondly, moderating effect was also supported by postulations of Greiner's (1972) Model of Organizational Growth. The model emphasizes the need for leaders in organizations to embrace leadership processes that are adaptive to the external environment and those which help in transforming the risks associated with the transition crises into opportunities that put growth back on track. The most outstanding attribute of lifecycle stages that the key informants brought out was periodic size that comprised of firm age and size which were shown to influence behavior of employees and attitude of managers. The researcher suggested that, effective democratic leadership practice should direct its focus to developing competences that build capacity to learn from past experiences that come with firm age and to deal with complexities associated with size.

Thirdly, there was consensus from the findings of both quantitative and qualitative data that the context under which healthcare-SMEs operate is faced high competition, harsh macroeconomic conditions, and unfriendly government regulations which impact overall firm's success. The fact that democratic leadership was preferred by key informants was evidence of its adaptive and flexible nature to address external environments challenges to result in positive performance outcomes.

Lastly, previous empirical studies were compared with the current study to find any possible explanations to the observed moderating effect. Differences were observed with a majority of previous researches and the current study in terms of how the independent and dependent constructs were conceptualized. There were also differences in the theories that anchored the constructs. With regard to the findings, there were mixed results with some of the measured lifecycle attributes showing positive effects on performance outcomes while in other cases, there was no effect of attributes of lifecycle stages such as firm size on performance outcomes. In the current study, it was observed that the lifecycle attributes have a positive moderating effect on the relationship. The direct relationship between firm lifecycle stages and firm survival was not significant which meant the variable on its own did not contribute to the relationship.

The message brought out by the fifth hypothesis raises several implications on leadership scholarship. The first implication relates to effect of firm lifecycle stages on the relationship between democratic leadership and firm survival. The second implication is on deployment of democratic leadership in healthcare-based SMEs to address changes caused by transitions across lifecycle stages to bring positive outcomes. The third implication relates to the application of postulates of Greiner's (1972) Growth Model to explain firm lifecycles and growth of organizations. The findings of the fifth hypothesis have important contributions to the body of knowledge. First, they shed light on how the contextual and structural characteristics of lifecycle stages condition the democratic leadership to promote firm survival in organization systems. Secondly, the implications highlight the theoretical understanding of Greiner's (1972) Growth Model in explaining the leadership practice in growth of organizations.

Implications of the Study Findings

The study findings presented in this dissertation raise a number of implications that relate to theory as well as to practice in healthcare-based SMEs. The discussions of the implications take three forms: those relating to theory that underpins democratic leadership, those that focus on practice of democratic leadership, and those touching on the context under which democratic leadership is deployed. The first implication arises from the manner in which the Democratic Theory was applied to conceptualize the dimensions of democratic leadership. From extant literature, the Democratic Theory is premised on principles of equality and liberty which are critical attributes that support the process of making decisions in organizations. The study considered the principles on which the Democratic Theory is premised to gravitate more towards leader behaviors that are pro people than pro organization. In addition, the principles of equality fronted by the theory suggest that all members of an organization bear equal responsibility over the organizational decisions.

Based on this reasoning, the application of the Democratic Theory in the current study was found to be inadequate in explaining the way the dimensions of democratic leadership are integrated to bring about positive effects on firm survival. In some of the relationships the effects were positive while negative in others. Outstanding insights from in-depth interviews from key informants showed that effective democratic leadership practices require leadership process that strikes a balance between supportive and directive leader behaviors and allow decision making to be based on competency and equity and not on liberty and equality. Excessive adoption of supportive behaviours could result in time wastage and derailment of decisions while excessive directive behaviors can stifle decision making and kill employee morale and creativity.

To address the inadequacies, the study proposed inclusion of other complimentary theories that would help to shed more light on more practical ways of aligning the different components of democratic leadership with leadership process to result in better outcomes of firm performance. In this regard, the study found it necessary to integrate the tenets of democratic theory with those emanating from general leadership scholarship and the behavioral sciences. Important contributions were drawn from the Situational Leadership Theory, Blake and Mouton's Managerial Leadership Grid, Stewardship Theory, Servant Leadership Theory, Dynamic Capabilities Theory, RBV Model, and Greiner's Growth Model.

The second set of implications arises from democratic leadership practice based on the findings of the three direct hypotheses. The study findings based on the statistical impact of democratic leadership on firm survival showed mixed and unexpected results. This prompted the researcher to examine the way in which the dimensions of democratic leadership were designed and deployed in the research context. The components independently and under natural circumstances could not result in the desired performance outcomes which meant that they needed to be designed in manner to support the leadership process. The explanations from the conclusions of findings implied that the employed leader behaviors to serve a leadership process of providing direction may have lacked the skills and competences of monitoring the progress of the series of activities rolled out to attain the desired direction. Additionally, the leadership process embraced may not have resulted in the right kind of dynamic capabilities required for firm survival. The study identified the need to possess or intentionally develop certain leadership competencies that would allow restructuring of the way the constructs are applied in leadership process to enhance firm survival rates.

In consideration of the reported study findings, the researcher was of the view that the explanations and the discussions provide important insights on the competences and capabilities that democratic leaders need to possess or develop in order to restructure and integrate the dimensions of democratic leadership to be effectively adopted in democratic leadership practice. This is confirmed in arguments by Asiimwe (2021) and Lestari *et al*. (2018) that leader's capacity to identify the appropriate situation to apply directive and supportive behaviors has a bearing on the survival rates of organizations. Thus, for democratic leadership to cause positive impact and enhance firm survival, the leadership process needs to focus on certain competences that enable them to restructure the dimensions of the leadership style to become the drivers of the process of leadership in the respective places where they are deployed.

The third set of implications emanates from the effects of context under which democratic leadership is practiced. The study attempted to explain the effect of context on the different study variables by comparing the findings and the conceptualization of past empirical studies and the current study in terms of how different contextual factors associated with the healthcare-based SMEs ecosystem affected performance outcomes. The previous empirical studies were categorized as either belonging to the healthcare sector or non-healthcare sector. The negative results of the hypotheses testing the direct effect of democratic leader behaviors and the mediating effect respectively of dynamic capabilities contrasted the findings of previous studies undertaken in both healthcare and non-healthcare contexts.

The implication of the findings suggests that the context of investigation has an effect on the deployment of democratic leadership to bring out positive organization outcomes. The findings of the current study identified demographic characteristics

and other contextual and structural considerations to influence the extent to which democratic leadership is adopted in healthcare facilities to enhance firm survival. This implies that empirical research focusing on democratic leadership needs to consider the role of context in its conceptualization and measurement.

Conclusions

The study focused on investigating the mediating and moderating effects of dynamic capabilities and firm lifecycle stages respectively on the relationship between democratic leadership and firm survival in healthcare-based SMEs in Nairobi City County. The data collection and analysis was done in two phases; the first being the quantitative phase followed by the qualitative phase. The quantitative data analysis was done through exploratory factor analysis, descriptive statistics, and inferential statistics, while the qualitative data adopted systematic thematic analysis after which the two sets of data were integrated.

From exploratory factor analysis, eight components of democratic leadership were extracted and shown to be relevant and applicable in healthcare sector in Kenya. Out of the eight, only the three significant ones were adopted for hypotheses testing. The construct of democratic leader behaviour was tested with measures corresponding to direction setting, democratic workplaces with measures for democratic communication, and democratic stewardship with measures for integrity. Based on the findings and the explanations that were made, several conclusions are drawn.

First, in consideration of the descriptive statistics, democratic leadership practice was perceived to be embraced to a very high extent in the sampled healthcare-based SMEs. The perceived high degree of practice influenced the development of dynamic capabilities to a corresponding very high degree which in turn resulted in a moderately high degree of firm survival of health-based SMEs. The

degree to which democratic leadership practice was embraced to cause the observed outcomes according to opinions of the respondents drawn from the healthcare-based SMEs, was faced with changes of transition across lifecycle stages.

Secondly, the effect of democratic leader behaviors corresponding to direction setting on the survival of healthcare-based SMEs was found to be statistically negative and significant. The study attributes this to the way the leader behaviors were deployed to catalyze the leadership process to influence performance outcomes in the sampled healthcare facilities. The study observed that, the extracted leader behaviors corresponding to direction setting that the leaders in the healthcare facilities paid attention to and touching on providing vision, setting clear achievable goals, providing adequate resources, allowing flexibility in decision making, determining standards for evaluating performance, changing leadership style to match situational demands, and combining firm resources and competencies in different ways to accomplish tasks, were not aligned with the spirit and practice of democratic leadership practice. Therefore, alignment of the application of democratic leader behaviors to serve the critical role of providing direction and monitoring the progress of the series of activities for realization of the desired direction and address the distraction that derail the path towards achievement of the envisaged goals has a more likelihood of providing better opportunities for realizing the desired positive performance outcomes.

Thirdly, the study concludes that, the effects of democratic workplaces and democratic stewardship on the survival of healthcare-based SMEs were found to be significant and statistically positive. This was explained by the manner in which they were deployed to create work climates that foster democratic communication that is open, systematic, and multi-directional and also build a culture of trust within the

entire organization. The study observed that, leadership processes that prioritize development of democratic workplaces that promote democratic communication and which comply with attributes of good stewardship positively influence employees' engagement and commitment towards their organizations. Thus, the conclusion that the study makes is that, deployment of attributes of democratic workplaces that promote democratic communication and which comply with democratic stewardship principles of integrity that build a culture of trust within the entire organization result in more engaged and motivated workforce and higher chances of firm survival.

Fourthly, it is concluded that, the negative effect of democratic leadership on firm survival is partially mediated by dynamic capabilities. It was observed that, upon introduction of dynamic capabilities into the relationship, the beta coefficient (β) diminished to a negative value meaning the effect of democratic leadership to bring about firm survival outcomes changed from being positive to negative. The study attributed the negative effect to a leadership process that was not aligned to generation of the appropriate set of dynamic capabilities that would cause positive organizational outcomes in the context of healthcare-based SMEs. The role that the mediating variable of dynamic capabilities plays in the relationship is to offer conditions that allow democratic leadership processes to generate HR based competences that infuse distinctiveness in an organization's capacity to analyze situations, develop and implement strategies, and configure resources in alignment with market demands.

As a mediating variable, dynamic capabilities strengthen the association of democratic leadership and firm survival and also change the direction of the effect that democratic leadership has on firm survival. Therefore, the strength of the effect of firm survival exerted by dynamic capabilities is dependent on the extent to which the leadership process leads to generation of appropriate dynamic capabilities that

bring about HR based competences characterized by dimensions of value, rarity, inimitability, organization, and non-substitutability. The conclusion drawn acts a confirmation that democratic leadership is an appropriate style of leadership in firms.

Lastly, the research concludes that the moderating effect of lifecycle stages on the relationship between democratic leadership and firm survival is statistically significant. It is observed that, upon the introduction of firm lifecycle stages as a moderator in the relationship between democratic leadership and firm survival, the effect of democratic leadership increased. The presence of lifecycle stages conditioned the implementation of democratic leadership practice to enhance firm survival based on its adaptive and flexible nature to address challenges of external environment. The study observed that, understanding the characteristics of lifecycle stages of the sampled healthcare-based SMEs comprising of periodic size, centralized and formal management, delegation, and standardization was central to explaining the manner in which they moderated the relationship.

The most outstanding attribute of lifecycle stages that was shown to have the highest impact on the moderating process was periodic size that was defined by firm age and size. While age has been shown to influence behaviors of employees and attitudes exhibited by managers, size brings about complexities that dictate the management practices that are embraced. In view of this, the study concludes that the construct of lifecycle stages conditions democratic leadership to enhance firm survival by directing its focus to generating capabilities that develop HR based competences to learn from past experiences and address operational complexities associated with firm size. Additionally, a growth mind set and leader behaviors that pay attention to self-awareness, interdependence, succession planning, and empowering others catalyzes the process through which such competences are developed. Therefore, the presence

of characteristics of lifecycle stages conditions democratic leadership to be practiced in a way that generates dynamic capabilities that build a firm's competitive advantage and in turn increase chances of survival.

Contribution to Knowledge

The study was conceptualized with an intention of addressing certain knowledge gaps from extant literature based on theoretical anchorage, context, and conceptualization of past researches. The findings of the current study offer contribution to knowledge in several ways which the researcher categorizes as either contextual, theoretical, or conceptual in nature.

Contextual Contribution

In consideration of the context, the researcher conceptualized the current study while taking into account the identified knowledge gaps that relate to contexts under which previous studies on democratic leadership have been undertaken and the corresponding desire to extend democratic leadership scholarship into new horizons. From reviewed literature, previous studies on the different dimensions of democratic leadership have been undertaken mostly in large organizations and political systems and not in organizations that exist for profit such as healthcare-based SMEs. More studies were done in developed economies such as USA, UK, China, and other Asian nations and therefore posing challenges of generalizing the findings (Carolyn *et al*., 2021; Muinga *et al*., 2020; Mwihia *et al*., 2018). A majority of the studies that were undertaken in the organizations in the healthcare sector were found to pay more attention to facilities in the public sector and not to those in the private sector.

By limiting the scope of the current study to healthcare-based SMEs in Nairobi, the researcher was able to extend the existing democratic leadership scholarship into other contexts. In addition, the observed findings offer an

understanding on the set of dimensions of democratic leadership that are found relevant and practiced in line with the peculiar characteristics of the sector. The new set of factors that were extracted from quantitative data using exploratory factor analysis approach was a representation of the components that define democratic leadership in the healthcare-SME sector. The researcher considers this to be a new addition to the existing body of knowledge both in scope of the context and the degree to which democratic leadership is practiced in the sector. Therefore, it can be said the study is able to fill the identified contextual gap and also set a foundation for other scholarly investigations in understanding the behaviors of democratic leadership in private healthcare facilities.

Conceptual Contribution

This study was undertaken not only to fill the identified contextual gaps but also add scientific rigor into democratic leadership research from a conceptual lens. The areas that the study considers to have contributed to stock of knowledge to address conceptual gaps revolve around the way the construct of democratic leadership has been conceptualized so as to measure the leadership process and the outcomes that it has been associated with when deployed. Generally, the reviewed literature gave a poor score on the overall state of conceptual research on democratic leadership. First, it is noted that a majority of previous empirical studies have not investigated democratic leadership in terms of how its constituent components interact to influence the leadership process meaning the extent to which such studies paid attention to conceptual rigor on democratic leadership was not sufficient (Pietronudo et al., 2022; Zhao *et al*., 2023). Secondly, past researches have not adequately addressed the multiple ways in which leadership outcomes can be analyzed which means the outcomes of deployment of democratic leadership are poorly understood.

In the current study, the dimensions that define democratic leadership were investigated scientifically so that the researcher could gain a deeper understanding of their application from a theoretical and conceptual point of view. By considering different perspectives from reviewed literature, the study was able to propose 37 various practices from which eight components were extracted and their contribution to the construct of democratic leadership determined through factor loading scores. Further, the extracted factors were shown to influence the generation of capabilities that pay attention to HR-based competences and whose effect on the relationship between democratic leadership and firm survival was confirmed through the partial mediation effect of dynamic capabilities. Therefore, it can be explained that the effect of democratic leadership to result in firm survival is exerted by introducing dynamic capabilities which are developed through deployment of democratic practices. In addition, the study also investigated the role of firm lifecycle stages in shaping the practice of democratic leadership and how they play a critical role in firm survival.

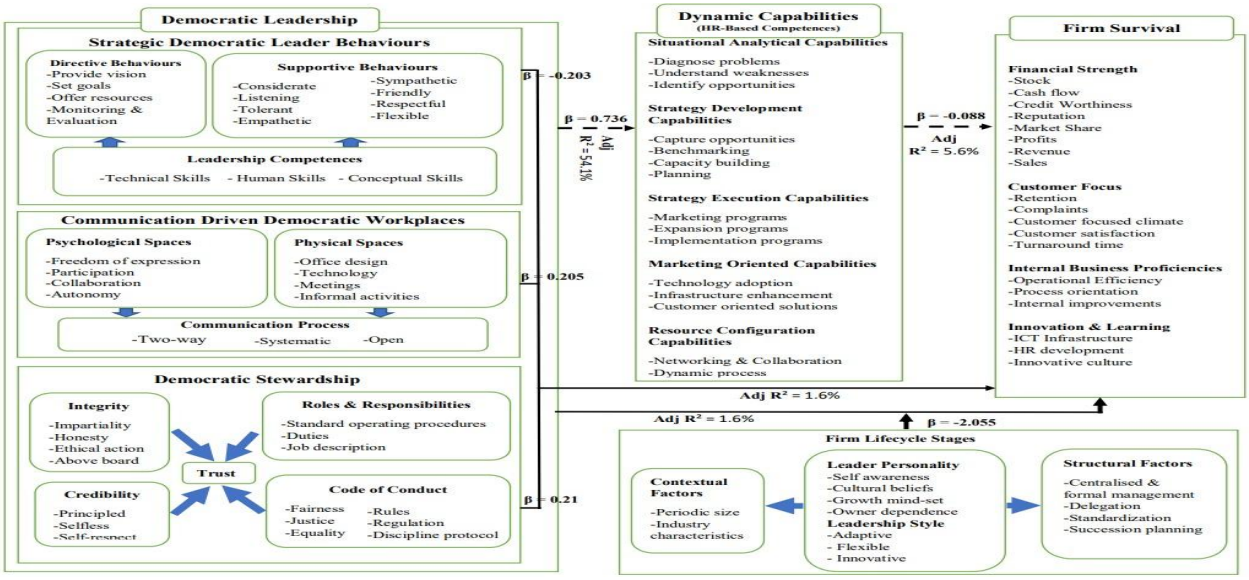
Theoretical Contribution

The third area of contribution to knowledge relates to the theoretical considerations while adopting and applying democratic leadership in organizations. The results of the five tested hypotheses could not fully be explained through the reasoning of the initial theoretical framework. This prompted the researcher to consider a broader theoretical approach when embracing democratic leadership model to compliment the limitations that resulted in negative direct and mediating effects in the first and fourth hypotheses respectively. The arguments that the study advanced is considered a source of new knowledge for practitioners and scholars that justifies the application of dimensions of democratic leadership from a broader theoretical framework. The arguments therefore suggest the roles played by Situational

Leadership Theory, Blake and Mouton's Managerial Leadership Grid, Stewardship Theory, Servant Leadership Theory, Dynamic Capabilities Theory, RBV Model, Greiner's Growth Model, and Balanced Score Card Model when applying democratic leadership in accordance to the postulates of the Democratic Theory. Based on this suggestion, it can be said that the study is able to pinpoint the limitations of the Democratic Theory and identify possible areas in which other leadership and behavioural science based theories can complement the Democratic Leadership Model.

In this regard, the study notes that when the initial conceptual framework adopted for the proposed hypotheses was subjected to various statistical tests, it produced several outputs that are used to provide a validated form which can be applied. Therefore, the validated framework was presented in this research to support the arguments advanced on contribution to knowledge both to theory and to practice. Figure 14 presents the validated conceptual framework of the effect of democratic leadership on firm survival as mediated and moderated respectively by dynamic capabilities and lifecycle stages.

Figure 14: Validated Conceptual Framework



Author, 2025

The validated framework in figure 14 illustrates the restructured study variables and their relationships after confirmation through testing using empirical evidence to answer the research question. The reorganized dimensions of democratic leadership representing the independent variable constitute strategic democratic leader behaviors, communication driven workplaces, and democratic stewardship. The components of dynamic capabilities, the mediating variable, constitute situational analytical capabilities, strategy development capabilities, strategy execution capabilities, marketing oriented capabilities, and resource configuration capabilities. Firm lifecycle stages, the moderating variable, comprise of contextual factors, structural factors, leader personality, and leadership style. Lastly, firm survival, the dependent variable, is defined by financial strength, customer focus, internal business proficiencies, and innovation and learning.

From the findings of the first hypothesis testing, it is concluded that democratic leader behaviors influence firm survival when leader possesses competences to balance both directive and supportive behaviors. The findings of the second hypothesis testing indicate that democratic workplaces influence firm survival through leadership practices that establish physical spaces devoid of communication barriers and which promote psychological spaces characterized by freedom of expression and involvement of others in decision making. The findings of the third hypothesis testing show that democratic stewardship positively influences firm survival when the leadership practice pays attention to principles such as integrity, credibility, and code of conduct which build trust within the entire organization. The findings of the fourth hypothesis testing show that dynamic capabilities mediate the relationship between democratic leadership and firm survival if the deployment of democratic leadership results in development of suitable capabilities that promote human based competencies to analyze situations, develop and implement strategies that are market oriented, and to reconfigure resources. Lastly, the results of testing the fifth hypothesis conclude that firm lifecycle stages moderate the relationship between democratic leadership and firm survival through structural and contextual factors that are influenced by leader personality and leadership style.

In conclusion, based on the validated framework, the research questions were answered and propositions validated. Democratic leadership has influence on dynamic capabilities. Further, the effect of democratic leadership on firm survival partially

dependents on dynamic capabilities, and the entire relationship is conditioned by firm lifecycle stages.

Recommendations with Policy Implications

In consideration of the several areas that the study identified for contribution to the body of knowledge, the researcher makes some recommendations that have implications on policy. First recommendation is to founders, owners, and CEOs of healthcare-based SMEs in relation to their role of not only setting the direction to be realized but also managing the journey towards achievement of the desired goals through intentional following through and removing any distractions that derail the goal focus. In this regard, the researcher recommends that top management needs to frame the vision of the healthcare facilities and capture core values and the common dream in a manner that espouses the practice and spirit of democratic leadership. In addition, clear strategies incorporating constant communication, resource provision, and monitoring progress, and evaluating achieved milestone need to be clearly spelt out.

The second recommendation is on entrenchment of democratic leadership principles in management practices of healthcare facilities. The discoveries in this study spell out the suitable leader behaviors that need to be complied with, the competences that leaders need to possess or develop and nature of the work climate for effective deployment of democratic leadership. This can inform the formulation of management policies, the standard operating procedures, HRM strategies, and governance structures while defining their organizational culture of the healthcare facilities.

The third recommendation is based on the manner in which democratic leadership is understood and practiced from a theoretical stand point. From the observed results, the study was able to theorize the democratic leadership practice by

linking the various theories in leadership and behavioral sciences and also bringing the shortcoming of such theories when underpinned to explain the democratic leadership model. Additionally, the study was able to propose more comprehensive theoretical frameworks that would explain the practice in certain contexts. This therefore is a fertile ground for academicians and researchers to advance research in democratic leadership model. Thus, the study proposes the need for academia to take up a leading role to educate professionals in the healthcare industry on the nature of democratic leadership and how its application leads to positive organization outcomes.

Lastly, recommendation is to institutions that are involved in policy making such as the KMPDC, Kenya's Pharmacy and Poisons Board, Kenya Bankers Association, and other government bodies. The study suggests the need to formulate policies that target building capacity for owners and other key leaders in health facilities as a basic prerequisite to attaining practice licenses and enjoying credit facilities form financial institutions. This can be a big boost towards performance outcomes for healthcare facilities and the national economy at large.

Recommendations for Future Research

Although the researcher considers the depth and breadth of the research process through which this study was undertaken to have added scientific rigor to the conclusions drawn, a number of limitations are highlighted that form a strong foundation for future research. The current investigation relied on three components of democratic leadership, namely; democratic leader behaviors, democratic workplaces, and democratic stewardship. Exploratory factor analysis extracted eight components of democratic leadership but the study tested the hypotheses using only three out of the eight. Further, the effects of democratic leader behaviors, democratic

workplaces, and democratic stewardship were investigated using the items that corresponded to direction setting, democratic communication, and integrity respectively. In addition, extant literature is rich with a myriad of other components touching on democratic leadership which were not considered in this study and can be investigated in future.

Secondly, during the different stages of integration of quantitative and qualitative data, concerns were raised that could not be adequately explained by the collected data. For example, there were concerns about the leadership qualities and the suitable HR competences needed for optimal adoption of democratic leadership in healthcare-based SMEs. While the research was limited to leaders holding senior management positions in the healthcare facilities, the results pointed to the behaviors and competences of followers as critical for adoption of democratic leadership yet they had not been included in the investigation.

Thirdly, in reference to the context of investigation, the current study was undertaken in private healthcare facilities in Nairobi County under the SME category and which are registered with KMPDC. Fourthly, from a methodology perspective, although the study adopted explanatory sequential mixed method design which is considered to offer comprehensive findings, the analyses of quantitative and qualitative data did not use data analysis approaches or software programs such as Structural Equation Models or Nvivo which are considered to add rigor in the analysis process. Lastly, the components of democratic leadership were anchored in three leadership theories namely; Democratic Theory, Situational Leadership Theory, and Stewardship Theory.

Based on the highlighted limitations, the study makes several suggestions that future research can focus. First, future studies on democratic leadership can be

conceptualized to investigate work structure, responsibility and accountability, teamwork and collaboration, inclusiveness, and care and concern for others so as to gain an understanding on how they affect firm survival. Future researches can also consider investigating other attributes of democratic leader behaviors, democratic workplaces and democratic stewardship other than direction setting, democratic communication, and integrity.

The second recommended area that future studies can pay attention to is on investigating the leader qualities and follower competences suitable for adoption of democratic leadership to cause improved firm survival in the contexts of investigation. To enrich the data collection process, respondents can be drawn from all management levels as well from certain category of followers. Thirdly, future investigations can consider democratic leadership practice in other healthcare facilities outside the scope of context of the current study. In this regard, future studies can be contextualized under the larger private healthcare facilities, public healthcare facilities, healthcare facilities outside the jurisdiction of KMPDC, or those in other counties or economies outside Kenya.

On the methodology, future studies can consider other research approaches such as exploratory sequential mixed method that pay attention more to qualitative data collection and analysis and thus, providing more extensive findings due to their inductive approach in study conceptualization. This ties with the last recommendation on use of multi-dimensional approach while conceptualizing the study by applying more theories that would help to mitigate the limitations that were observed with application of Democratic Theory to ground democratic leadership practice.

Chapter Summary

This chapter has given a summary of the study findings, their implications and the conclusions drawn. It initially gives an overview of the study discoveries from the data analysis. The overview is presented sequentially based on the five hypotheses that were being tested. The discussed discoveries were evidence of realization of the study objectives. The section on the summary of implications provides suggestions of the conditions that need to be complied with for the democratic leadership to be deployed in the context of investigation based on the interpretation of the study findings. The chapter has also presented the conclusions made from the findings which offer an explanation of their significance to the overall study in relation to theoretical considerations, policy, and practice. The chapter has further presented the validated conceptual frame which captures the summary of the operationalization of all the study variables based on the findings and in the context of investigation. The last section of the chapter presents a summary of areas the study contributes to knowledge, recommendation with policy implications, and direction for future research.

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APPENDICES

Appendix I: Research Questionnaire

The objective of this study is to investigate the relationship of democratic leadership, dynamic capabilities, firm lifecycle stage, and survival of healthcare-based SMEs in Nairobi County, Kenya. The questionnaire is therefore provided to collect data that will be used solely for academic purposes being part of requirements to be fulfilled for a PhD course in Organizational Leadership at Pan Africa Christian University (PAC), Kenya. The researcher requests that you take a few minutes of your time to participate in the study and provide your honest opinions in response to the items in the questionnaire. The information provided will be treated with utmost confidentiality and individuals' identities will not be divulged. Thank you and God bless you.

Section A: Demographic information and firm characteristics

Use (√) where possible to indicate the most appropriate response in your opinion

	Question	**Options**	**Response ((√)**
1	Kindly indicate your gender	male	
		female	
2	Kindly choose your age bracket	Under 25	
		25-35	
		36-45	
		45-55	
		Above 55	
3	Kindly state your highest level of academic qualification	Certificate	
		Diploma	
		Bachelors	
		Masters	
		Ph.D.	
		Others (specify)	
4	Kindly indicate your current position in the organization		
5	Please indicate the number of years with the organization	0-4	
		5-9	
		10-14	
		15-19	
		20 and above	
6	Indicate years in which your SME has been operation	0-5	
		6-10	
		10-15	
		15-20	
		Over 20	
7	Number of Employees	10-49	
		50-99	

Section B: Democratic leadership

Kindly provide a response to all questions by placing (√) to the choice that in your opinion describes the leadership practice in healthcare SMEs like yours. Use the scales 1-strongly disagree, 2) slightly disagree, 3) not sure, 4) slightly agree, and 5) strongly agree.

	Indicator	1)strongly disagree	2)slightly disagree	3)Not sure	4) Slightly agree	50 Strongly agree
	Democratic leader behavior					
1	Top management understands and directs the goals to be achieved					
2	Top management provides adequate resources for achievement of goals					
3	Top management sets standards for evaluating performance					
4	Managers and supervisors are flexible in decision-making					
5	Mangers willingly change leadership style to match environment demands					
6	Communication from top management to others is clear					
7	Communication from management is frequent					
8	Managers communicate with subordinates with respect					
9	Group members freely debate over controversial issues					
10	Management listens to subordinates and accepts feedback					
11	Managers are friendly, caring and lead with love					
12	Management decisions consider the needs of employees					
13	Employees are valued					
	Democratic Workplaces					
1	Decisions are made on consultation with all members of the team					
2	Coordination is based on informal rules and standard operating procedures					
3	Meeting in and across departments are encouraged					
4	Open door policy is embraced					
5	Jobs are clearly defined					

6	Group members are empowered					
7	Teamwork is encouraged					
8	Collaboration between team members and departments is good					
9	Tasks among team members are equally shared					
10	Each team member plays their role effectively					
11	Managers delegate authority and responsibilities to subordinates					
12	Management helps in suggesting ways of solving problems					
13	Managers support subordinates with training and skill development					
14	Managers focus on group involvement in firm activities					
	Democratic Stewardship					
1	Employees act with honest, truthful and moral behavior					
2	Trust pervades all the organizational ranks					
3	Employees are consistent and predictable					
4	There is equality, fairness, and justice in decision making					
5	Decisions are based on the common good of all stakeholders					
6	The staff roles are well defined and aligned with organizational goals					
7	Staff members are committed and show responsibility of the tasks					
8	Employees undertake their duties willingly without coercion					
9	Employees identify with the organization and have sense of belonging					
10	Information across the organization is freely shared					
11	Managers freely share their feelings and thoughts with the members					
12	There are guidelines to direct actions taken by employees					
13	Employees are aware of the consequences of their actions					

Section C: Dynamic capabilities

This section seeks information that relates to the SMEs' capacity to identify opportunities presented by its marketing, operational, and human resources and translate them into superior products and services. Kindly respond by showing the extent to which you agree with the statements below in the scale of 1-5 where:1- strongly disagree, 2) slightly disagree, 3) not sure, 4) slightly agree, and 5) strongly agree.

	Indicator	1)Strongly disagree	2)Slightly disagree	3)Not sure	4)Slightly agree	5)Strongly agree
	Sensing capabilities					
1	My organization understands the necessary marketing activities needed to meet customer demands					
2	My organization analyses the marketing activities of our competitors					
3	My organization has potential to design new marketing strategies in response to customer and competitor pressures					
4	My organization knows the ideal human resource policies for satisfying customer demands					
5	My organization understands the human resource structure of our competitors					
6	My organization has ability develop new human resource policies to match environmental demands					
7	My organization can identify the right operational procedures for customer satisfaction					
8	My organization knows the operational policies of our competitors.					
9	My organization has capacity to embrace new operational procedures to meet environmental demands					
	Seizing capabilities					
1	My organization is able to carry out customer focused marketing activities					
2	My organization is able to beat competitor's marketing activities					
3	My organization is able to develop the appropriate marketing model to meet environmental demands					
4	My organization is able to borrow best practices to develop customer focused human resource policies					

5	My organization is able to match and exceed our competitor's human resource policies					
6	My organization is able to invest more to develop the human resource policies ideal for modern systems					
7	My organization has the capacity to develop effective operational policies					
8	My organization is able to develop better operational policies than our competitors					
9	My organization is able to take advantage of best market practices to enhance operational efficiency					
	Configuration Capabilities					
1	My organization consistently develops new marketing strategies in response to changing market demands					
2	My organization consistently changes marketing strategies to beat our competitors					
3	My organization integrates marketing with internet to reach wider market and in real time					
4	My organization consistently changes human resource policies to satisfy and exceed customer demands					
5	Our human resource policies are always better than those of our competitors					
6	Our human resource policies have integrated technology therefore improving flexibility and efficiency					
7	Our organization consistently reviews and changes operational procedures in line with market demands					
6	Our operational procedures are consistently reviewed to be better than those of our competitors					
9	Technology is infused in all our activities to improve on connectedness with our customers					

Section D: Firm lifecycle Stages

This section appreciates that SMEs have a lifecycle with stages that exhibit different characteristics. Kindly respond by showing the extent to which you agree with the

statements below in the scale of 1-5 where:1-strongly disagree, 2) slightly disagree, 3) not sure, 4) slightly agree, and 5) strongly agree

	Indicator	1)Strongly disagree	2)Slightly disagree	3)Not sure	4) slightly agree	5)Strongly agree
Age						
1	The old management practices entrenched in our operations have become obsolete and affect performance					
2	The attitude embraced by older employees does not accommodate contribution of ideas from new staff and affects service delivery					
3	Our organization learns more and gains better experience with years of operation					
Size						
1	New products and services increase the number of customers served and therefore sales revenue					
2	Increase in market size improves economies of scale and improves profitability					
3	Increase in the complexity of operations increases operational costs and decreases profitability					
4	Increase in the employees improves the organization human resource capabilities					
5	The increase in number of employees reduces coordination of our operations					
Phases of Evolution & Revolution						
1	Growth is maintained by introducing new services and marketing them					
2	Rapid growth requires the recruitment of more skilled employees					
3	Training and employee development programs promote growth					
4	Enough skilled manpower effectively manages all departments					
5	Delegation of responsibilities by top executives improves productivity					
6	Proper order in our priorities enhances resource utilization					
7	Decision-making process that embraces team approach is more acceptable					
8	Cash flow challenges are					

	common and constrain growth					
9	When tasks and roles are not well designed, employees are overworked and productivity is poor					
10	Common operational challenges that constrain growth are conflicts, blame games, competition for resources, backstabbing					
11	Formal rules and procedures may reduce the level of creativity					
12	Experiencing decreasing revenue is a sign of poor performance					
	Industry Growth rate					
1	High competition in healthcare sector reduces sales revenue					
2	Government regulations introduced by Kenya Revenue authority have increase taxes and affected our profits					
3	Poor state of national economy affects governments ability to pay for services rendered and this affects our financial position					
4	The regulations set by KMPDC are costly to implement and this affects our operations					
5						

Section E: Firm survival

Firm survival has a longevity dimension and is presumed to be influenced by leadership style. Kindly respond by showing the extent to which you agree with the statements below in the scale of 1-5 where:1-strongly disagree, 2) slightly disagree, 3) not sure, 4) slightly agree, and 5) strongly agree

	Indicator	1)Strongly disagree	2)Slightly disagree	3)Not sure	4)Slightly agree	5)strongly agree
	Financial strength					
1	High amounts of cash at hand help to sustain our operations and enhance our long-term survival					
2	Positive cash flow guarantees our ability to pay for long term debts					
3	Daily operational costs are met because of positive cash flow					
4	Low debt levels enable our company to meet its financial obligations and retain good supplier relationships					
5	Better profits mean better pay for shareholders and employees					

6	Our company makes high profits to sustain growth and survival					
7	Success of our company results from high sales turnover and large market share					
8	Large market share enable our company to benefit from economies of scale					
	Customer focus					
1	The minimal turnaround time improves customer retention					
2	Our proximity to the customers promote turn-around time					
3	Customer retention strategies enhance customer loyalty					
4	Our services and products are tailor-made to meet customer demands					
5	Quality of our products and services is reviewed with market changes					
6	The design of our services and products reduce customer operational costs					
7	Our purchase and payment processes are integrated and friendly to the client					
8	Our customer complaint reporting system allows quick complaint resolution					
9	We have multiple channels of communication for reporting complaints					
10	The way complaints are handles reduces the customer turnover					
	Internal Business proficiencies					
1	A simple organization structure is embraced to improve communication and coordination					
2	Our company constantly reviews product and service designs to maintain a competitive edge					
3	Customer satisfaction surveys are regularly conducted to identify customer needs					
4	Research and development department constantly develops new products in anticipation of changes					
5	The policy of in-process improvement for quality products and services guarantees long-term existence in the market					
6	Our HR policies are designed to promote efficiency and					

	maintain a leading role					
7	Efficiency of our operations give us a competitive edge in the industry					
	Innovation and learning					
1	Integration of technology in our processes & services increases efficiency and guarantees long-term survival					
2	Learning, training, and development programs empower employees to perform better					
3	The policy for recruiting and retaining skilled employees matches skill with market demands					
18	Our organization has human resource policies that encourages an innovative culture					

Appendix II: Interview Protocol

The purpose for this interview is to understand the link between democratic leadership, dynamic capabilities, firm lifecycle stages and firm survival based on your observations. The information that you will share with me is solely for research purposes and will remain confidential and will not be divulged. Kindly note this is a discussion meant to gain our understanding of the topic and as such there are no correct or wrong responses to the questions posed. The exercise is voluntary and should you feel it does not align with your values, you are free to pull back. Please note the interview will be recorded for reviewing during data analysis and reporting. Do I have your permission to continue? Yes, or No.

Democratic Leadership

1)Democratic leadership is a style of leadership that is participatory and focuses on the involvement of all members of the organization in the process of making decisions.

a) What is your understanding of democratic leadership in practice for your business?

Democratic Leader behaviors

b) What leader behaviours do you consider to be critical for effective application of democratic leadership?

c) While direction setting provides the vision and the future goals to be realized by the organization, what do you think would be the most appropriate approach that democratic leaders can employ for successful goal realization?
d) How would the demographic characteristics of the leaders (age, gender, level of education etc.) influence decision making processes in organizations?

Democratic Workplaces

e) According to your opinion, what would constitute a conducive work climate for democratic workplaces?
f) How would such a climate promote democratic communication?
g) Can the design of the work structure adopted by your facility affect the channels of communication?

Democratic Stewardship

h) What is your understanding of good stewardship?
i) How would tenets of stewardship affect establishment of governance structures under democratic leadership?
j) Do you agree with the statement that good stewards embrace qualities of integrity?
k) What values are upheld by employees who undertake their duties with integrity?
l) Do you think quality of decisions would be improved if members of democratic organizations embraced principles of good stewardship?

Dynamic Capabilities

2) Dynamic capabilities are the firm's potential to recognize opportunities, redesign and reorganize the resource structure needed for a firm's sustainable competitive advantage.

a) What capabilities has your facility developed over time to beat competition"
b) Is the process of capability development influenced by the adopted style of leadership?

Lifecycle

3) Companies, just like human beings are born, grow and eventually die.

a) What is your take on this statement?
b) What factors do you identify to be responsible for the current growth in your facility?

c) What do you attribute to be the reason?
d) What challenges have you observed as hindrances to the growth?
e) What actions have been put in place to surmount the challenges?

Firm survival

4) Survival of healthcare-based SMEs is a major problem yet it has not received much attention

a) What is your understanding of firm survival?
b) What indicators has your facility established to monitor firm survival?
c) Do you consider each of the indicators to have equal weight on firm success?
d) Do you think the style of leadership embraced has a bearing to the survival of your facility?

Appendix III: Rotated Component Matrix for Democratic Leadership

Items of Questionnaire on Democratic Leadership	Mean	SD	Component							
			1	2	3	4	5	6	7	8
Top management leads in providing a clear vision of the future	0.45	0.77	**0.766**	0.083	0.14	0.154	0.139	0.228	-0.01	0.104
Top management sets clear and achievable goals	0.427	0.811	**0.759**	0.132	0.14	0.157	0.204	0.247	0.077	0.107
Top management provides adequate resources & support for the achievement of the set goals	4.392	0.827	**0.704**	0.177	0.264	0.191	0.183	0.136	0.091	0.116
Top management determines standards for evaluating performance in line with the set goals.	4.386	0.795	**0.673**	0.201	0.356	0.154	0.111	0.175	0.062	0.083
Managers and supervisors allow flexibility in decision-making	4.311	0.879	**0.674**	0.261	0.238	0.073	0.028	0.089	0.207	0.092
The management team willingly changes leadership styles to match different situational demands	4.219	0.924	**0.647**	0.268	0.149	0.049	0.134	0.024	0.23	0.132

The management team combines various firm resources and competencies in different ways to accomplish tasks based on the situation.	4.239	0.82	**0.629**	0.195	0.142	0.145	0.136	-0.049	0.371	0.115
Communication from top management to others is clear.	4.284	0.787	0.342	0.147	0.121	0.115	0.239	0.003	**0.594**	0.208
Communication from the management team is done with respect.	4.259	0.798	0.135	0.122	0.169	0.125	0.128	0.174	**0.721**	0.159
Managers and supervisors listen to the views of subordinates	4.141	0.844	0.129	0.199	0.186	0.12	0.12	0.425	**0.609**	0.039
Managers and supervisors accommodate contrasting views from subordinates.	4.101	0.923	0.245	0.294	0.097	0.082	0.109	**0.574**	0.447	-0.02
The management team encourages subordinates to give and receive feedback.	4.172	0.834	0.2	0.118	0.174	0.126	0.101	**0.764**	0.199	0.095
The management team encourages subordinates to suggest ways of improving tasks	4.162	0.823	0.19	0.058	0.131	0.142	0.16	**0.723**	0.023	0.326
Managers and supervisors exercise their authority in a	4.168	0.807	0.103	0.123	0.081	0.119	0.3	0.334	-0.01	**0.711**

friendly manner										
Management decisions consider the needs of employees	4.079	0.845	0.194	0.211	0.135	0.116	0.082	0.096	0.188	**0.767**
The practiced management style emphasizes strong manager-subordinate relationships	4.039	0.882	0.19	0.374	0.237	0.115	0.018	0.026	0.23	**0.613**
Decision-making is devolved to all levels of the organization	4.029	0.965	0.147	**0.606**	0.236	0.154	-0.049	0.013	0.269	0.328
Coordination of tasks is based on formal rules and standard operating procedures	4.133	0.865	0.201	**0.579**	0.173	0.299	0.132	-0.017	0.278	0.021
There are no functional barriers among departments	4.019	0.966	0.328	**0.574**	0.073	0.304	0.018	0.126	0.195	-0.04
There is seamless flow of information from top down and vice versa.	4.166	0.871	0.339	0.336	0.021	**0.468**	0.152	0.255	0.252	0.095
Top management promotes team spirit in all levels of organization	4.187	0.832	0.354	0.107	0.004	**0.532**	0.365	0.199	0.229	0.178
Managers and supervisors rally all members of teams and groups to work collaboratively	4.203	0.813	0.277	0.087	0.082	0.393	**0.595**	0.113	0.213	0.16

Top management encourages employees to apply their skills for the common good of the organization	4.249	0.787	0.13	0.042	0.152	0.186	**0.762**	0.088	0.178	0.118
Top management empowers teams and their leaders to work effectively	4.205	0.837	0.179	0.215	0.236	-0.02	**0.787**	0.126	0.091	0.038
Managers and supervisors delegate part of their authority and responsibility to subordinates	4.039	0.959	0.242	0.446	0.34	-0.16	**0.514**	0.137	0.004	0.117
Managers give equal opportunities to all members of teams and groups to participate in decision-making	3.991	0.939	0.2	**0.649**	0.236	-0.07	0.406	0.137	0.05	0.224
Managers give equal opportunities to all members of teams and groups to participate in organizational activities	4.062	0.884	0.197	**0.723**	0.158	0.077	0.199	0.219	0.037	0.222
Top management harnesses the capabilities of all the employees of the organization	4.134	0.875	0.274	**0.618**	0.085	0.345	0.114	0.124	0.056	0.246

Management has an established code of conduct that guides the employees' behaviors	4.243	0.887	0.199	0.386	0.211	**0.612**	0.041	0.163	0.059	0.122
Management requires employees to be honest and ethical in their actions	4.436	0.744	0.06	0.101	0.315	**0.724**	0.032	0.012	-0.01	0.035
Management requires the decision making process to embrace fairness and equality	4.347	0.812	0.177	0.121	0.392	**0.613**	0.031	0.154	0.203	0.139
Management requires staff roles to be well defined and aligned with the organizational goals	4.363	0.794	0.183	0.061	**0.528**	0.488	0.167	0.081	0.175	0.105
Top management emphasizes employees to undertake duties out of own volition and without coercion	4.328	0.836	0.235	0.178	**0.629**	0.292	0.202	0.057	0.189	0.174
Management has different expectations for each employee based on their area of expertise	4.378	0.784	0.201	0.156	**0.719**	0.22	0.229	0.006	0.131	0.13
Management freely shares information of what is expected of each member across the	4.353	0.841	0.331	0.241	**0.571**	0.132	0.145	0.181	0.112	0.141

whole organization										
Managers and supervisors demand for answers to outcomes of employees' actions	4.469	0.785	0.323	0.172	**0.596**	0.204	0.139	0.259	0.133	0.067
Top management has spelt out consequences for individual actions	4.483	0.821	0.395	0.22	**0.542**	0.207	0.088	0.321	0.048	0.052

Appendix IV: Implementation Matrix

Year	**2021**	**2022**				**2023**				**2024**			**2025**	
Month	Aug-Dec	Jan-April	May	Jun-Sep	Oct-Dec	Jan-March	April	May	Jun-Dec	Jan-March	April-May	June-Dec	Jan-Sep	Onwards
Prepare a paper of intention														
Prepare concept paper														
Concept paper approval														
Proposal writing														
Proposal approval by supervisors														
Submission to graduate school														
Proposal defense														
Proposal correction														
Ethical review process														
Quantitative data collection														
Quantitative data analysis														
Qualitative data collection & analysis														
Chapter 4 & 5														
Editing of dissertation														
Defense														
Corrections and final dissertation document														

Appendix V: Budget

s/no	Item	Narration	Cost
1.0	salary	Two assistants for 35,000 per month for two months	140,000
2.0	Transport	As when necessary	30,000
3.0	Internet	To keep the assists connected@4000 per month	16,000
4.0	telephone	Two @8000	16,000
5.0	Laptops	Two @30000	60,000
6.0	stationary	Paper, photocopying	30,000
8.0	Miscellaneous	Contingency expenditure	8,000
total			300,000

Appendix VI: Recruitment letter

Muli Muthiani,
Pan Africa Christian University,
P.O Box 56875-00200
Nairobi, Kenya.
13th March 2023

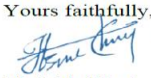
Dear Sir/Madam

Re: Request to access your organization to collect research data

I am a Pan Africa Christian University student undertaking a Ph.D. course in organizational leadership. As part of the degree completion process, I must carry out research that, besides meeting scientific rigor, must address an existing social problem. My research topic is "**Democratic Leadership, Dynamic Capabilities, Firm lifecycle stages, and the Survival of Healthcare-based SMEs in Nairobi County, Kenya**". The investigator hopes that the research findings can be adopted by other players to improve the performance of the sector by developing and implementing policies that can be embraced by owners, managers, and employees of healthcare-based SMEs. The information that is required will be collected in two phases. The first phase will target the business owner, the CEO, the administrator, or managers heading other departments. The second phase will only involve ten business owners, CEOs, or facility administrators and will be in the form of a discussion targeted to clarify critical issues identified in the first phase.

To remain objective and meet the required ethical standards of good research, the research process is guided by ethical principles of transparency, honesty, respect, and concern for the participants. The research process will adhere to the ethical considerations including those stipulated by the Pan Africa Christian University ethical committee and the National Commission for Science and Technology (NACOSTI). The information collected will be used solely for academic purposes. The identity of the facility and that of the participant will not be divulged and the investigator will respect and uphold the rights of the participants. The participant will not be obligated to participate in the study and therefore is expected to willingly participate and do so out of the desire to be part of the solution to the prevailing state of affairs on Kenyan SME survival challenges. The investigator will not ask leading questions and act in a way to influence the participant's decisions nor will any participant be coerced to give information. The participants can withdraw from the research without prejudice should they find a compromise in the research process. On this basis, I write this letter to request a chance to access your esteemed organization and collect data that will help me gain more insights into SME leadership and how the practice influences firm survival. My research assistant or I will get in touch with you in a week's time for direction. I look forward to getting full support and would like to take this opportunity to thank you in advance.

Yours faithfully,



Muli Muthiani,
Principal Investigator
0722 713542

Appendix VII: PAC University Research Introduction Letter



PAN AFRICA CHRISTIAN PAC UNIVERSITY

P.O. Box 56875 - 00200
Nairobi, Kenya
Lumumba Drive, Roysambu
off Kamiti Rd, off Thika Rd
Tel: 0734 400694/0721 932050
Email: enquiries@pacuniversity.ac.ke
website: www.pacuniversity.ac.ke

4TH MAY, 2023

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION & ETHICS CLEARANCE LETTER FOR MULI MUTHIANI BEN REG. NO: POLD/17700/0/20

Greetings! This is an introduction letter for the above named person a final year student at Pan Africa Christian University (PAC University), pursuing the degree of Doctor of Philosophy in Organizational Leadership Development.

He is at the final stage of the programme and is preparing to collect data to enable him finalise on the Dissertation. The dissertation title is ***"Democratic Leadership, Dynamic Capabilities, Firm Life cycle Stages, and Survival of Healthcare Based SMEs in Nairobi County, Kenya".***

We kindly request that you allow him obtain a research permit so as to proceed and conduct research amongst selected Healthcare Based SMEs in Nairobi County, Kenya.

PAN AFRICA CHRISTIAN UNIVERSITY
REGISTRAR
P.O. Box 56875 – 00200
TEL 0721 932050, 0734 400694
NAIROBI KENYA

Warm Regards,

Dr. Lilian Vikiru
Registrar Academic Affairs
Pan Africa Christian University
Lumumba Drive, Roysambu, off Kamiti Rd, off Thika Rd
Tel: +254 730-955306/+254734400694
Email: registrar.aa@pacuniversity.ac.ke
Web: www.pacuniversity.ac.ke

Appendix VIII: NACOSTI Research License

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **732659**

Date of Issue: **24/May/2023**

RESEARCH LICENSE



This is to Certify that Mr.. MUTHIANI MULI of Pan Africa Christian 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: DEMOCRATIC LEADERSHIP, DYNAMIC CAPABILITIES, FIRM LIFECYCLE STAGES, AND SURVIVAL OF HEALTHCARE BASED SMEs IN NAIROBI COUNTY, KENYA. for the period ending : 24/May/2024.

License No: **NACOSTI/P/23/25891**

732659

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix IX: PAC University Certificate of Ethical Clearance



Certificate of Ethical Clearance

Pan Africa Christian University
Thika Road Campus | Valley Road Campus
P.O. Box 56875-00200 | +254 730955000 | +254 730955501/2
enquiries@pacuniversity.ac.ke | www.pacuniversity.ac.ke

INSTITUTIONAL SCIENTIFIC ETHICSREVIEW COMMITTEE
(ISERC)

This Certificate is awarded to

Muli Muthiani

For the research titled

DEMOCRATIC LEADERSHIP, DYNAMIC CAPABILITIES, FIRM LIFECYCLE STAGES, AND SURVIVAL OF HEALTHCARE-BASED SMES IN NAIROBI COUNTY, KENYA

Ref/PAC/ISERC/016/4/23

having complied with PAC University Institutional Scientific Ethics Review Committee's guidelines and Standard Operating Procedures for ethical clearance.

This Certificate is issued subject to compliance with the following requirements:

i. Before commencing the study, you are required to obtain a Research License from the NationalCommission for Science, Technology and Innovation (NACOSTI) as well as other institutional clearances as and where needed.
ii. Only approved documents including research instruments and informed consent forms will beused.
iii. All changes including amendments and/or deviations are to be submitted for review andclearance by PAC University Institutional Scientific Ethics Review Committee before use.
iv. Any expected or unexpected changes that may increase the risks to study participants or affectthe integrity of the study must be reported in writing to PAC University Institutional Scientific Ethics Review Committee within two days.
v. Any request for renewal or approval must be submitted to PAC University Institutional ScientificEthics Review Committee at least four weeks prior to the expiry of this Certificate and must be accompanied by a comprehensive progress report to support the renewal.

Date of issue	28/4/2023	Expiry date	28/4/2024

DR.JANE KINUTHIA

Secretary PAC_ISERC