

**KEY ACCOUNT MANAGEMENT ORIENTATION AND ORGANIZATIONAL
STRUCTURE IN THE PHARMACEUTICAL INDUSTRY IN KENYA**

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**A RESEARCH THESIS SUMMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
SCIENCE MARKETING, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

2020

DECLARATION

This research study is my original work and has not been presented for a degree in this or any other university.

Signature



Date: 30/11/2020

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This research project has been submitted for examinations with my approval as the university supervisor.

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ACKNOWLEDGEMENT

Most sincerely I thank Supervisor Dr Muya Ndambuki for his patience, availability, professional advice; guidance and encouragement that helped me meet the deadline and success of this project.

My MSc Marketing colleagues, friends and my entire family thanks for the guidance, motivation and support throughout this project. I appreciate every other individual whose input saw this project to completion.

God bless you all.

DEDICATION

This work is dedicated to my family and all those who supported me in this project.

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LIST OF ABBREVIATION AND ACRONYMS

EAC	Eastern Africa Community
IT	Information Technology
KAM	Key Account Management
KAMO	Key Account Management Orientation
UK	United Kingdom
USD	United States Dollars

ABSTRACT

The study sought to determine the effect of Key Account Management Orientation and organization structure of Kenya's Pharmaceutical Industry. The research used a descriptive research design to achieve the objective. For this study, the population included 38 licensed pharmaceutical firms operating in Nairobi, Kenya. This study utilized primary data in the collection of data. Questionnaire method was suitable for collecting and it contained closed ended questions. The questionnaires were administered to either Head of customer care or relationship manager or an equivalent person at the firm. The data collected was later scrutinized through descriptive statistics and inferential statistics. The analysis outcome revealed that KAMO and organization structure had a positive relationship as exhibited by the correlation coefficient of 0.689. The model summary indicated that R-square was 0.475. This means that 47.5% of the variation in organization structure was due to key account management orientation. This results also imply that 52.5% of the variation in organization structure was either due to error or other factors that were not investigated by the model. The level of significance for the model is 0.001. This value is less than p value 0.05. This connotes to the importance of the model in terms of statistics to predict organization structure based on key account management orientation. Key account management orientation had a beta value of 0.376. This implied that for every unit increase in KAMO, organization structure went up by a value of 0.376. The study recommends that the pharmaceutical industry in Kenya should practice key account management orientation in order to enhance their organization structure since KAMO was found to have an affirmative impact on the industry corporate structure. The research also recommends that the industry maps out specifically what aspects of KAMO are relevant to their industry and invest heavily into those aspects so as to see tangible improvement in their organization structure.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Gounaris and Tzempilekos (2013) state that organization structure is significant to a firm since it provides a guideline to the employees on the official works that the company is currently involved in. The organization structure also ensures that organization culture is maintained and sustained for the longest time possible, hence ensuring performance. Tzempelikos and Gounaris (2015) noted that Key Account Management Orientation (KAMO) has an important role in organization culture; this is because it sets values and attitudes on the suppliers' purchases hence ensuring financial performance in businesses.

The resource-based theory, as proposed by Wernerfelt (1984), argues that every firm possesses various resources and capabilities which, the firm has to determine how to use them strategically so that it can attain a competitive advantage. Pfeffer and Salancik (1978) formulated the resource dependence theory, which elaborates the significance of external environment in ensuring the effective organization culture. Dynamic capabilities theory was formulated by Teece in 1997; it elaborates the significance of dynamic environment in accessing the capability of building, integrating and configuration of both internal and external proficiency of firms.

Pharmaceutical firms play a major role in the economy by earning the government revenue, providing employment and producing drugs to support the sick. They support the sick by ensuring that the health of the Kenyans is well addressed through provision of medicine and controlling of the communicable diseases. Emergence of pharmaceutical industry in

Kenya ensures that the drugs are affordable because they are manufactured in Kenya (Chand & Gupta, 2014).

1.1.1 Key Account Management

Schultz (2013) defines key account management as a systematic method that the organizations use to make sure their customers are valued and hence increase customer satisfaction through achievements of mutual benefits. Ryals (2012) define key account management as strategies formulated by the business people in ensuring that they are able to handle the needs of their customers and clients for mutual benefits. Ojasalo (2001) outlines that key account management entail allocation of available resources in ensuring that the sales person of a business is able to provide quality services to the people hence achievement of the customers' objectives. Kimla (2015) defines Key account management as an intervention between the customer and business in ensuring that they create long-term everlasting relationship.

In ensuring the key account management, customer lifetime value should be created. This is done through the creating trust between the clients and the managers. The managers should ensure the clients gain maximum profit hence maximization of revenue; this creates trust between the customer and the managers hence commitment to a lifetime value (Kimla, 2015). Increase in the number of referenced client is an indicator of key account management, this means that the key accountable managers are giving out the quality services to the clients, hence creating and mutual-beneficiary relationship which is strong, hence recommends other people because they have trust in the services provided by the managers. Customer satisfaction is another indicator of key account management. Increase in customer satisfaction score indicates that, the customers are contented with the services

delivered by the key accountable managers hence mutual benefits. Continuous outcomes of both the achievement of long-term goal and short-term goal and the growth of the firm in general are an indicator of key account management (Speakman & Ryals, 2012).

1.1.2 Key Account Management Orientation

Workman (2003) defines KAMO as an element that serves key customers with appropriate key account management. Ryals (2012) defines KAMO, as the ability of the organization structure in working towards sustaining and improvement of the selected clients who are believed to increase the financial performance of the firm. Gounaris and Tzempilekos (2013) defines KAMO, as identification of the most important client and developing strategies to fit those clients' needs hence ensuring that the client seeks services from you hence performance.

When supplier's financial performance increases it is an indicator of key account management orientation. This is because the targeted customers are obtaining quality products from the clients and they are loyal to the firm who is the main producer. Increase in non-financial performance of also an indicator of key account management orientation. Customer satisfaction is another indicator for key account management orientation. This is because, the customers are contented with the services that are provided by the firm and the firm had adjusted its structures to fit the customers' needs (Gounaris & Tzempilekos, 2013).

The concept of KAMO is based on various concepts such as selling techniques, relationship marketing (Palmaier, Dant, Grewal & Evans, 2006). This involves building and creating long-term, strategic and collaborative relationships between suppliers and key accounts.

The concept of market orientation is further incorporated into KAM (Narver & Slater, 1990). Gounaris and Tzempilekos (2013) noted that KAMO is a multi-faceted concept composed or focusing on incorporating top management commitment, top management involvement, attitude related values of customer orientation, values linked to behavior including ability to customizing, inter-functional coordination coupled with the and inter-functional support.

1.1.3 Organization Structure

Griffiths and Sambrook (2010) defines organization structure as a system whereby the employees ensures achievement of their own objectives through completing the task that is allocated, coordinated and finally supervised. Mintzberg (1972) defines organization structure as a combination of people, operating systems and different groups which works dependently for the purpose of achieving organization goals. Cosh and Huges (2012) defines organization structure is defined as an hierarchy whereby information is flows asymmetrical at the firm, whereby each job is defined, functions are reported and there is a central point whereby all the employees are answerable to. Arnold and Feldman (2016) noted that organization structure involves the frequent flow of internal processes with the organization such as communication systems, responsibilities of the workers, decision making of the management, relationship among the people in the organization in ensuring that the organization goal is achieved.

When the management and the employees depict a strong trust, confidence and effective communication it shows that the organization structure is effective. Ability to solve conflict within the short period in an organization is an indicator for organization structure (Chand, Gupta, & Gera, 2014). Group coordination in working such as increase team work, group

loyalty and high spirit in working illustrates the organization structure. When the managers are rewarded for effective performance is an indicator for organization structure, since the managers are responsible for ensuring that the organization runs smoothly towards achieving the goals. Therefore, in case they have been rewarded it means that the organization structure is efficient in achievement of firms' objectives. Finally, fast and efficient decision making is a key indicator on organization structure (Hall & Fernando, 2014).

1.1.4 Pharmaceutical Industry in Kenya

Kenya's Pharmaceutical industry is divided into three groups, which is manufacturing, distributors and retailers. They are responsible for manufacturing drugs, marketing them, and then sell them to the people for consumption. Some of the works that pharmaceutical firms in Kenya are engaged in entails assemblage of medical instruments such as disposable syringes, surgical gauze and drugs such as capsules and paracetamol (Aywak & Jaguga 2017). All this activities have ensured that the pharmaceutical firms are sustained in the economy generally hence earning the government revenue. They are also responsible in ensuring that the health of the Kenyans is well addressed through provision of medicine and controlling of the communicable diseases. Emergence of pharmaceutical industry in Kenya ensures that the drugs are affordable because they are manufactured in Kenya.

Mailu and Ngui (2018) noted that despite existing in the industry for ensuring that the Kenyans acquire medicine hence promotion of health, pharmaceutical firms must be regulated by certain bodies for the purpose of ensuring quality drug deliverance and also relevance of the industry in promoting the economic system of the country. Various boards such as pharmacy, poison board, and the National quality control board, Kenya Medical

Association, Kenya Medical Supply Agency and Kenya Bureau of Standards ensure that the standards of the drug provided. According to Omboki (2019) reported that, the government is advocating for a single agency that ensures effective monitoring of the pharmacy.

Pharmaceutical industries were established in Kenya in 1963, whereby, there were four main pharmaceutical industries which were importing drugs from Europe, and the industries were managed by the white. By the year 1992, the pharmaceutical industries increased to 28 in number, whereby they were also manufacturing and assembling their own drugs. Therefore, the number of imported drugs decreased, this is because it was cheaper to manufacture own drugs and hence gain more profit hence economic growth of the country through increased revenue. Pharmaceutical firms in Kenya began exporting drugs to eastern Africa due to increased demand in the market (Owino, 1985). Recently there are more 23 pharmaceutical industries in Kenya that are licensed and manufacture drugs. The industries are located around Nairobi and their environs, this is because most of the distributors are around Nairobi areas and also, it is centrally located area and makes it efficient for the distributors (Mailu & Ntale 2018).

1.2 Research Problem

For the purpose of experiencing performance, firms should focus on the customers. Most firms have involved themselves in a wide range of activities which involves organization structure in fitting the customer needs; this entails taking part in sales and marketing activities (Cardinali, Palanga, & Ciccola, 2016). Key account management is responsible for ensuring sales activities in the firm hence performance, but since they have complex

work to handle, they tend to divert the sales work to other departments within the organization (Muchibi, 2019).

Pharmaceutical industries continue to thrive in the Kenyan economy and have significance in ensuring sustainability of the economy. Ng'ang'a (2018) reports that, pharmaceutical industries in Kenya are ranked the top by the Eastern Africa Community. In the year 2014, it was recorded that their market size is USD\$ 740 million, in 2017, records estimated that the pharmaceutical industry earns the country a revenue of USD 330 Billion. The given statistics depict importance of existing pharmaceutical industry in Kenya. It is the mandate of different organization structures of the industry to ensure their sustainability. Baines (2010) the pharmaceutical firms in Kenya are responsible in realizing performance, but this is dependent on their organization structures in recognizing key account management orientation. Over time, many pharmaceutical industries realize loss and face lack of sustainability in the economy due to organization structure and implementation of KAMO. Some of the practices mistakes associated with both KAMO and organization structure include, Execution of inappropriate strategies by the pharmaceutical industries that hinders them from developing, failure to assess and manage the risk that emerge in the market, failing to improve processes that result to long-term success and finally, poor business portfolio and decision making from the management.

Various studies have been done locally and globally on the KAMO and organizational structure. Gounaris and Tzempilekos (2013) conducted a study on organization structure, key account management orientation and performance outcome in UK. The study outcome established that performance of an organization is influenced by KAMO. This study presents us with a contextual gap, thus this study can be replicated among pharmaceutical

firms in Kenya. Guenzi and Storbacka (2015) conducted a study on the organizational implication of implementing KAM: a case-based examination in New-Zealand. The study findings show that KAM program is increasingly adopted by firms; however, it is faced by the challenge of successfully implementing it in the organization. The study presents a conceptual gap since the study did not include organizational structure as one of its variable. This gap will be filled by incorporating organizational structure. Laker and Read (2016) conducted a study on how to create high performing KAM: lesson to the UK IT industries. This research established that success of KAM adoption was determined by recruiting the correct sales persons with an average experience of 4 years and focus on the long term relationship building approach. This study presents us with a contextual gap, thus this study can be replicated among pharmaceutical firms in Kenya. Tzempelikos and Gounaris (2017) conducted a study on conceptual and empirical examination of KAMO and its implications—the role of trust in UK. This study presents us with both conceptual and contextual gap, thus this gap will be filled by incorporating organization structure and pharmaceutical firms in Kenya. Ndambuki (2018) researched on Key account management practices, the ability of a firm to comprehend the market environment, features of a firm and performance of Kenya's commercial banks. The study presents a conceptual gap since the study did not include organizational structure as one of its variable. This gap will be filled by incorporating organizational structure. Awino (2015) researched on structure of a company and conduct of large manufacturing corporations within Kenya. The exploration presents a conceptual gap since the study did not include organizational structure as one of its variable. This gap will be filled by incorporating organizational structure. Njiru and Nyamute (2018) conducted a study on Kenyan commercial state corporations with regards

to organizational structure's influence on financial performance of in Kenya. A conceptual gap is present as KAMO is not covered. This gap will be filled by incorporating organizational structure. Kariuki (2015) conducted a study on firm's design and Internal Processes of extensive manufacturing entities in Kenya. A conceptual gap is present as KAMO is not covered. This gap was filled by incorporating organizational structure. The reviewed studies present us with a research gap: hence the objective, to establish the influence of KAMO on organizational structure among pharmaceutical firms in Kenya. Hence the research gap: what was the influence of KAMO on organizational structure among pharmaceutical companies in Kenya?

1.3 Research Objective

The research aims at establishing the impact of Key Account Management Orientation and organization structure of the Pharmaceutical Industry within Kenya.

1.4 Significance of the Study

Knowledge obtained from the research project, would enable the management to come up with appropriate organization structure which would address the customer issues. Also, it would enable the industry to formulate better key account management practices which would result to customer satisfaction hence improving the performance of the industry. The study would enable the industry to coordinate proper key account management and organization structure together for the purpose of ensuring performance of the firm.

Knowledge from the dynamics capability theory would enable the researchers and other firms to relate the effect and significance of external environment to the internal organizational structure. This would enable them to provide competent key account

managers who would formulate proper organization structure for the purpose of sustaining the industries in the market.

Regulators and policy makers such as the Kenya Bureau of Standards and the National quality control board in understanding the relevance of organizational structure in establishing quality products for customers. The study would also facilitate the making of policies addressing the composition of organization structure, which should be followed by the managers in ensuring quality production.

Pharmaceutical firms would gain from this study in that, they would adopt the right organizational structure which would be put in place by key account managers, this would enable them to improve their performance and key account management practices. The key account managers would gain knowledge in implementing appropriate decisions which would address the challenges experienced by the pharmaceutical industries in customer-orientation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theories that anchor the exploration under the theoretical framework. Further, the chapter also reviews previous studies carried out by scholars on the concepts of key account management orientation and organizational structure and their relationship.

2.2 Theoretical Framework

The segment introduces and discusses the theoretical frameworks used in anchoring the research. The theories relate concepts of key account management orientation and organizational structure and their relationship. This research was founded on three theories, which are resource-based concept, resource dependence theory, and dynamic capabilities model.

2.2.1 Resource-Based View

The philosophy proposed by Wernerfelt in 1984, seeks to offer an understanding of the concept of competitive advantage and how attaining it influences the firm's objectives. The theory further asserts that every firm possesses various resources and capabilities which, the firm has to determine how to use them strategically so that it can attain a competitive advantage. In respect to this theory, Wolter et al. (2019) noted that good customer relationship is a key ability to firms and vital in the market. Ivens et al. (2016) also stated that good customer relationships could be used by a firm to acquire a sustainable competitive advantage.

The relationship between the firm and the customer is usually considered as a resource to the firm, and the ability to create and maintain good relationships with the customers a capability. Therefore, this relationship needs to be based on values such as trust and reliability. The implementation of key account management puts the firm in a position to foster its relationship with the customers in a way that would ultimately be beneficial to both parties as envisioned in the resource-based theory. This will be possible since KAM programs allow for partnerships of clients and firms in coming up with new and efficient ways that lead to the minimization of project costs (Murphy & Li, 2015). The revelation by Murphy and Li (2015) puts the firm in a suitable position to attain a competitive advantage.

The major limitation of the resource-based theory, as emphasized by Bledy et al. (2018), is the use of the 'valuable' attribute. This term is considered ambiguous and cannot be comprehensively used to measure the competitive advantage of a firm. The resource-based theory stipulates that resources are valuable to which Bledy et al. (2018) direct that the attribute of being valuable should be depicted in the form of economic assets, whether it is tangible or intangible. Moreover, the aspect of rare does not ascertain a competitive advantage to the firm (Park et al., 2017).

2.2.2 Resource Dependence Theory

Pfeffer and Salancik's 1978 resource dependence philosophy, elaborates on the way in which a company's outer resources influence the performance in the firm. Naturally, the acquisition of external resources is a critical aspect of both tactical and administration of the firm. The resource dependence theory provides that a firm's dependence on resources is natural and cannot be avoided; the resources – in most cases – originate from the firm's

environment, resources are fundamental in the acquisition and maintaining power. Additionally, the theory stipulates that in most cases, the resources needed by one firm are always at the disposal of another firm; if firms exhibit legal independence, they become interdependent, resource dependence and power with direct linkage. Summarily, Pfeffer and Salancik (1978) revealed in their theory and subsequent assumptions that power is situational, potentially mutual, and relational.

The resource dependence theory also highlights the importance of the customer to the business or firm. Managers in businesses have come to understand and appreciate the fact that success is linked to customer demand such that their careers flourish when customer demand is high. Therefore, this leads to the revelation or realization that customers are the ultimate resources which a company depends on. This realization – of customers being the ultimate resource – brings the relevance of this theory to the study. KAMO appreciates the importance of the customer and acknowledges the dependence of the firm on customer. Additionally, KAMO advises that different clients to the firm are treated differently in a way that maximizes the benefits of the relationship to both the client and the firm.

The limitations of the resource dependence theory, as reported by Sharif and Yeoh (2014) and Drees and Heugens (2013), is that it does not explain an organization's performance, yet it is a theory that is stipulated to address organizational aspects such as organizational behavior.

2.2.3 Dynamic Capability Theory

The idea of the dynamic capability theory as stipulated by Teece, Pisano, and Shuen in 1997 in their Dynamic Capability Approach paper. According to Teece et al. (1997), the dynamic capability approach denotes a firm's ability to change its resource configuration by applying certain capabilities and thereby adapting to the ever-changing environment so as to attain new forms of competitive gain. In the dynamic theory, Teece et al. (1997) emphasized the concepts of dynamism and capability that were not captured in the prior related theories, such as the resource-based view. As opined by Bledy et al. (2018), the dynamic capability theory is an extension and a reaction to the resource-based view theory, which fell short of explaining how firms were able to uphold a competitive advantage within a dynamic business setting. The explanation to which Bledy et al. (2018) revealed that lies in the dynamic and capabilities of the firm.

The applicability of this theoretical framework to the research is that it relates to concepts of KAMO and organizational structure. Key account management are activities undertaken by firms to maximize their relationship with special customers so as to create a win-win situation while firms always look to have organizational structures that will enhance efficiency in the operations of the firms. Both concepts are aimed at the realization of increased profit margins or in the eventuality acquisition or sustaining competitive advantage.

A review of the literature by critics to this theory indicates that most scholars – who reveal the limitations of this theory – reveal that this theory still falls short of explaining how a firm attains competitive advantage (Barreto, 2010; Cao et al., 2019; Chowdhury & Quaddus, 2017). The opponents argue that capabilities, as much as they are valuable, they

cannot be considered as the source of sustainable competitive advantage. Further, the opponents argued that capabilities could contribute to competitive advantage, but they are limited to certain settings and timing. For instance, a company's capability to invent new house warming equipment is highly dependent on timing, i.e., they can only use this capability in the cold season.

2.3 Empirical Review of Literature

Cardinali et al. (2016) conducted a study that investigated the concept of key account management among SMEs in Italy. The authors acknowledged the fact that at the time of the study, research on key account management among SMEs and MMEs in Italy was minimal and therefore sought to fill that gap. The study used an exploratory qualitative analysis, which was conducted through a single case study regarding the implementation of the key account management among SMEs and MMEs in the fashion industry. The findings indicate that the utilization of KAM on the firms' key accounts is very minimal. The case study further revealed that SMEs adopting the KAM orientation would most likely have to deal with problems related to the organization. Additionally, the study reveals that notwithstanding the difference between various business functions, their smooth integration and subsequent coordination is required for the engagement in KAM.

Jermittiparsert et al. (2019) conducted a study to investigate the impact of blending consumer supply chain, and technological supply chain on social viable conduct with an organogram playing a moderating role. Specifically, of interest to this study was the objective that sought to establish the controlling role of an organogram amongst assimilating the contractor, consumer and technology with dependent variable sustainable social performance. The study utilizes information obtained from players in the automotive

engineering firm in Thailand and investigated using SMART-PLS. The findings indicate that the moderating role played by corporate structure between incorporation of seller, buyer and technological and dependent variable sustainable social performance is statistically insignificant.

Hai and Tu (2019) conducted research investigating the factors affecting the organizational structure, audit quality, and operating mechanism. The study was conducted among audit firms in Vietnam and managed to collect data from 270 auditors in the year 2018. The data, which was analyzed using SPSS 20 and AMOS 20, revealed that organization structure influenced firm performance among audit firms in Vietnam. Additionally, the study added that the concept of organizational structure was not common among audit firms in Vietnam.

Liu et al. (2019) carried out a study whose purpose was to investigate the key account manager's customer orientation impact the customers' decision or intention to repurchase. Another purpose of the study was to find out how structural holes and tie strength in the KAM's client network influence the relation between KAM's customer orientation and repurchase decisions of the customers. The study managed to collect data from 208 paired customers and KAMs in a number of Chinese industries and analyzed using multiple linear regression analysis. The results shows that KAM indeed contributes to customers repurchase decisions. More specifically, the study revealed that the firms that strategically participated in various KAM programs in regards to customer repurchase were able to record high instances of customer repurchase. Additional findings indicate that structural holes facilitate customers repurchase intentions while tie strength does not affect customers' repurchase intentions in any way.

Locally, the concepts of KAM orientation and organizational structure have also been studied. Muchibi (2019) carried out a study whose objective was to investigate how account management orientation affects commercial banks' performance in Kenya. Data for the study was collected from 42 commercial banks of Kenya. Inferential and descriptive data was used to examine data gathered. The results indicate that all independent variables positively influenced the firm performance of the banks in a statistically significant manner and were greatly associated with firm performance.

Gaitho (2019) conducted a study to investigate how moral actions and organogram moderating effect of the connection between service provision and tactical governance of Kenya's county leaders. The study employed the positivism research philosophy utilizing the quantitative approaches. Six respondents were further nominated from six major departments from the 47 counties bringing the sample size to 282. Questionnaires were administered to the six individuals from the key departments (public works, education, agriculture, natural resources, health services and economic planning). Data analysis entailed inferential statistics level and descriptive statistics level. The findings indicate that the relationship between service delivery and strategic leadership is substantially moderated by organizational structure. Additionally, the study revealed that there is a significant mutual effect of organizational structure, ethical practices strategic leadership and on service delivery.

Kiiyo (2019) also carried out a study whose purpose was to investigate if the association between tactical design plus a firm's competitive advantage of huge Kenyan engineering companies is affected by corporate configuration and employee behavior. The research utilized a positivist research pattern together with a cross-sectional survey strategy.

Secondary data was gathered and analyzed using inferential and descriptive statistics. The specific findings relevant to this study indicate that organizational structure has a fairly significant moderating effect between competitive advantage and strategic planning. Further findings show that the combined influence of organizational structure and employee behavior is inconsistent from the impact of distinct entities on the affiliation between strategic planning and competitive advantage of manufacturing corporations. Individually, organizational structure has a lower contribution compared to employee behavior.

Kithinji (2017) examined the relationship between key accounts management and brand performance. The study describes key accounts management as the regular running of the relationship between two or more businesses; that is B2B. Brand performance on the other hand was described as the desired profitability and the extent to which the customers desired a given product or service. The study specifically focused on the financial service sector. Quantitative approach was used. A total of 20 respondents drawn from various microfinance banks in Kenya were designated and included in the exploration. The respondents constituted mid-level managers and customer service representatives. All the respondents filled and returned the questionnaires. The results found a positive link amongst key accounts management, and brand enactment. Specifically, the research found a constructive and significant relationship between top management, customer orientation, and relationship management with brand performance.

2.4 Summary of Literature Review and Research Gap

The literature review presents evidence that that KAM orientation, as much as it has not been widely studied among scholars, remains key in determining a firm's relationship with its customers. Studies have indicated that firms that engage in KAM programs have reported higher levels of customer retention and customer satisfaction. Moreover, studies reviewed also show the concept of KAM is not largely practiced among businesses. Organizational structure on the other hand, has been widely researched both locally and internationally. From the studies reviewed organizational structure has been seen majorly as a moderating effect between two firm aspects such as employee behavior and competitive advantage. Additionally, studies reviewed also indicate that organizational structure as a standalone variable affects performance of firm minimally.

The research gap to be filled was the fact that very few studies have indicated the two concepts, KAM orientation and organizational structure and how they influence each other. Additionally, in regards to KAM orientation, no studies have illustrated how KAM programs can be implemented in relation to customer relations. Therefore, this study sought to fill the specific gap of linking the two concepts of KAM orientation and organizational structure.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the research design components including research methodology, population of the study, data collection and data examination methods.

3.2 Research Methodology

The research used a descriptive research model. Descriptive study as described by Aggarwal and Ranganathan (2019) aims to accurately describe a population, phenomenon or situation i.e. it answers the question what, when, how and where but not why. Moreover, a descriptive research design uses an extensive variety of research methods to investigate the variables. The respondents – who are actors in the medical business in Kenya – are expected to give responses on KAM and organizational structure and how they influence the performance of their firms.

This research design was apposite for this study as this study sought to establish the relation between KAM orientation and organizational structure in the pharmaceutical industry in Kenya. From the literature it emerged that research on the subject of KAM orientation in relation to organizational structure is limited. This added to the reason why descriptive research design is best suited for the exploration.

3.3 Population of the Study

For this study, the population included licensed pharmaceutical firms operating in Nairobi, Kenya. Further, these pharmaceutical firms have to be registered with the Pharmacy and Poison Board as of 2019. These firms are locally owned or multinational pharmaceutical

firms. Additionally, these pharmaceutical firms can either be large pharmaceutical distributors or manufacturing firms. In Nairobi there were 38 pharmaceutical firms (KAM, 2018).

3.4 Data Collection

This study utilized primary data gathered through structured questionnaire. Questionnaire method remains the most suitable for collecting not only comprehensive but relevant information (Majid, 2018). The questionnaire for the study contained closed ended questions so as to give the respondents room to gather views and opinions. The target respondents for each firm was either Head of customer care or relationship manager or an equivalent person at the firm.

3.5 Data Analysis

The obtained statistics was later analyzed through descriptive statistics and inferential statistics. Descriptive statistics according to Majid (2018) involves use of standard deviation, mean, frequencies and percentages. Inferential statistics was utilized through a regression equation. The regression equation is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Whereby:

- Y - Organization structure (dependent variable)
- β_0 - Regression intercept
- β_1 - Regression coefficients
- X_1 - Key Account Management Orientation (Predictor variable)
- ε - Error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research was carried out with the aim of investigating the effect of key account management orientation on organization structure of the Kenyan pharmaceutical industry. This section focuses on data analysis, interpretation, and presentation by presenting a argument of diagnostics tests, descriptive statistics, regression analysis and discussion of the findings.

4.1.1 Response Rate

The study's response frequency is as shown below in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percentage
Returned	36	94.74
Unreturned	2	5.26
Total	38	100%

Source: (Primary Data, 2020)

Table 4.1 indicates that out of the questionnaires distributed among the 38 pharmaceutical firms in Nairobi, 36 firms had questionnaires dully filled and returned. Thus the study was able to achieve a reaction frequency of 94.74%. Mugenda and Mugenda (2008), state that a reaction frequency of 70% is considered good for exploration and interpretation. Thus, this makes the study results viable for inference.

4.2 Background Information

The study analyzed respondents' background information that included their age, gender, department and working experience. Presented below are the results of the study.

4.2.1 Age

The research focused on understanding the age of the sample population with the findings presented in the figure 4.1 below.

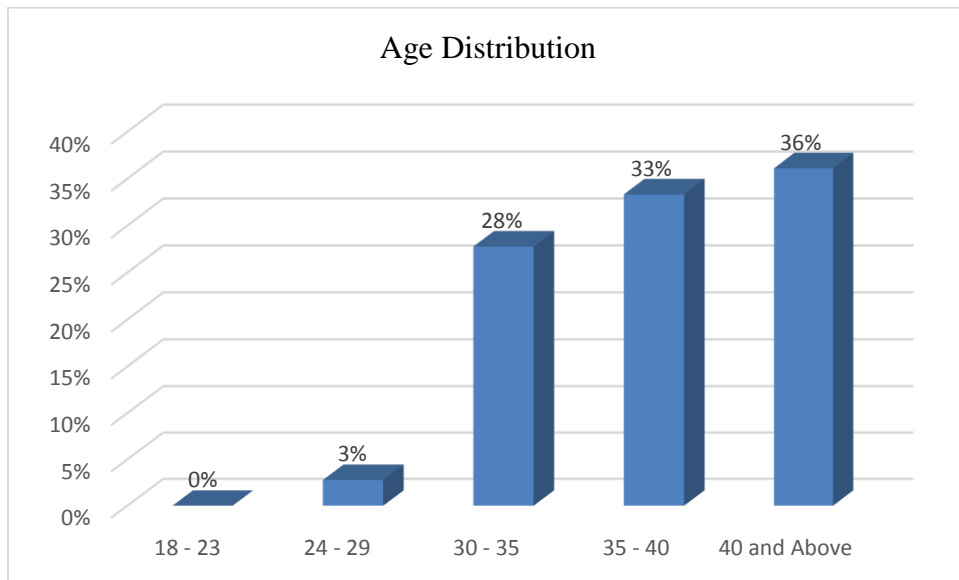


Figure 4.1 Age

Source: (Primary Data, 2020)

In figure 4.1, majority of those that were surveyed 36% were aged 40 and above. 33% of the sample population aged between 35 - 40, 28% of the respondents aged between 24 -29, 0% of those surveyed were aged 18 - 23 years and while only 0% of the respondents aged between 18-23. These findings show that the vast majority of people in the pharmaceutical industry were above their youthful age as represented by 69% of the respondents that were above 30 years of age.

4.2.2 Gender

The study intended at determine the gender of the sample population that took part in the investigation. The results of the inquiry are as presented below.

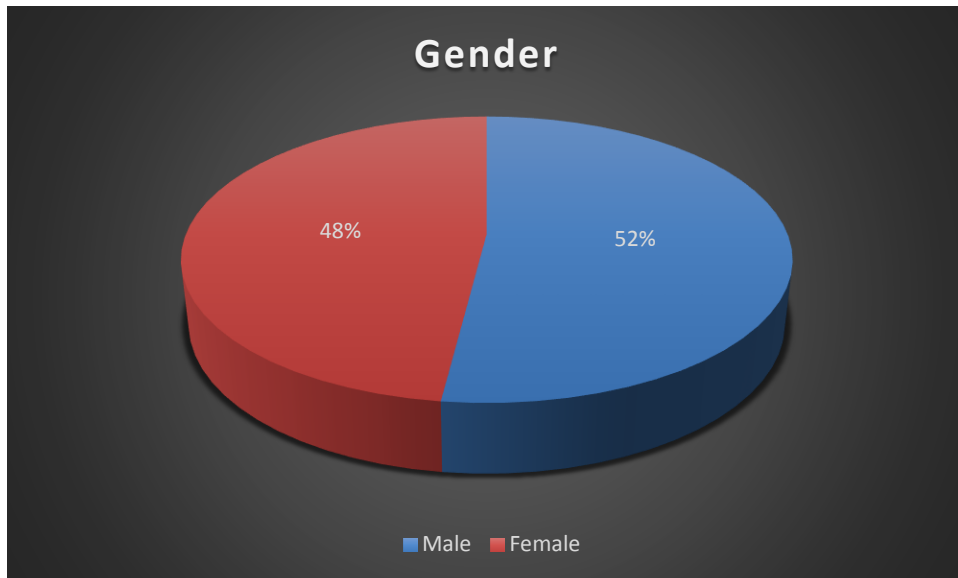


Figure 4.2 Gender

Source: (Primary Data, 2020)

Figure 4.2 indicates that 52% of the respondents are male while 48% of the respondents are female. This shows that there is almost an equal gender parity among workers in the pharmaceutical industry.

4.2.3 Department

The inquiry also purposed to institute the various departments the sample population were attached to. Findings from the study are as presented below.

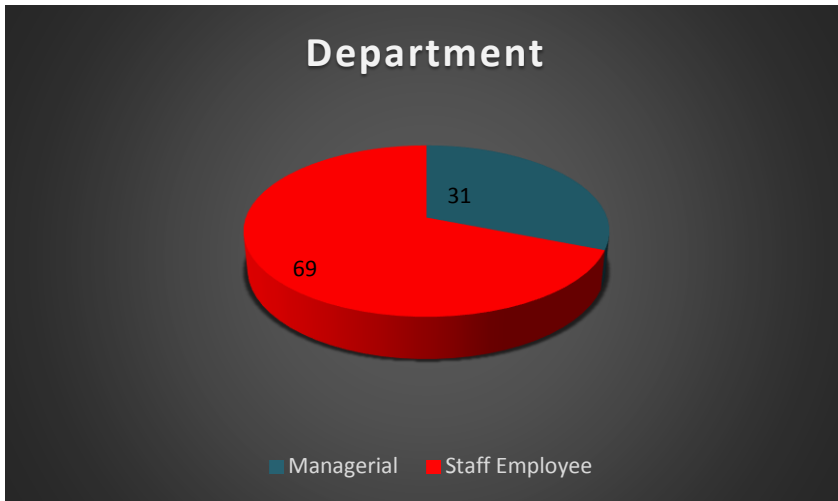


Figure 4.3 Department

Source: (Primary Data, 2020)

Figure 4.3 illustrates that 69% of the respondents were in staff employee departments while 31% of the employees were attached to managerial departments.

4.2.4 Work Experience

The study worked towards defining the employment capability of the personnel in the pharmaceutical industry. Results of the study are as presented.



Figure 4.4 Working Experience

Figure 4.4 reveals that a many respondents took 1-3 years working experience that accounts for 40% of the sample population. 26% of them had 3 years and above working experience, 18% of the study population the industry for a period amid 7 to 12 months while 16% of the respondents had employment knowledge of 6 months and below. These findings illuminate the fact that a larger section of the sample population had operated in the industry for a substantial period and thus they were knowledgeable about how the industry operates thus making them a good source of information for the study.

4.3 Key Account Management Orientation

In an effort to determine how key account management orientation had an effect on the pharmaceutical industry the researcher asked respondents to rate their feelings towards certain statements that were associated with key account management. To quantify the replies, the investigation used a Likert scale separated into five points where; 1= Strongly disagree, 2 Disagree, 3= Indifferent, 4= Agree, 5= Strongly Agree. The outcomes of the discoveries are as presented below.

Table 4.2: Key Account Management Orientation

Statement	Mean	Standard Deviation
The firm has a top management commitment to its customers	3.76	0.759
Customer oriented culture capture's the suppliers focus on the overall customer basis	3.71	0.39
Inter-functional coordination exists in the firm	3.54	0.836
Top management involvement focus on the importance of Key accounts management	3.86	0.691
Top management initiate the implementation of key account management	3.85	0.765
The firm has the ability to customization	3.5	0.652
There is a focus towards Inter-functional support towards creating value for key accounts	3.19	0.935
There is a coordinated exchange of customer information among various departments	3.35	0.893
The firm is able to respond to key account needs in a flexible way	3.45	0.781
The firm has a centralized purchasing function that demand for an similarly synchronized method from several units of the contractor	3.62	0.671
Average	3.583	0.7373

Source: (Primary Data, 2020)

The study established that respondent agreed to the fact that key account management orientation was practiced in the pharmaceutical industry depicted by the overall mean of 3.583 and a 0.7373 standard deviation.

One of the common ways through which key account management orientation was practiced was through top management involvement focus on the importance of key accounts management as agreed by respondents with a 3.86 mean coupled with a 0.691 standard deviation and a top management initiate the implementation of key account management as agreed by respondents and displayed by a mean of 3.85 plus a standard deviation of 0.765.

The least way through which key account management orientation was practiced was through a focus towards Inter-functional support towards creating value for key accounts which respondents were indifferent as shown by a mean of 3.19 and standard deviation of 0.935.

4.4 Organization Structure

The study also sought to investigate the organization structure of the pharmaceutical industry. To carry out this investigation the researcher asked those surveyed to rate their opinions towards statements through which organizational structure could be evaluated. To quantifying the reactions, the investigation used a Likert scale that was divided into five points; 1= Strongly disagree, 2 Disagree, 3= Indifferent, 4= Agree, 5= Strongly Agree. Findings of the study are as presented below.

Table 4.3 Organization Structure

Statement	Mean	Standard Deviation
KAMO influenced the departmentalization	3.63	0.635
The firm has customer focused organisation structure	3.92	0.832
KAMO influenced the firm's chain of command	4.1	0.949
There is an advancing assignment of cross-functional groups to key accounts	3.62	0.532
KAMO influenced the span of control	3.87	0.7
The organisational structure emphasize on the association of other components for various sales/marketing undertakings	3.72	0.87
KAMO influenced the centralization of the firm's organisation structure	3.84	0.29
KAMO influenced the decentralization of the firm's organisation structure	3.99	0.907
Senior managers are assigned to key accounts	4.2	0.873
KAMO influenced the firm's work specialization	3.36	0.375
The firm's degree of formalization is influenced by KAMO	3.47	0.647
The organisation structure involve advancing assignment of cross-functional players to major accounts	3.79	0.167
Average	3.793	0.648

Source: (Primary Data, 2020)

The study determined that respondents agreed that key account management orientation did have an influence in the organization structure of the pharmaceutical industry as exhibited by the overall 3.793 mean and 0.648 standard deviation.

One of the major ways through which this influenced was felt was in how seniors' manager were assigned to key accounts which respondents strongly agreed as exhibited by the mean of 4.2 and standard deviation of 0.873, this was followed by the fact that KAMO influenced the decentralization of the firm's organisation structure which respondents agreed as affirmed by the mean of 3.99 and standard deviation of 0.907.

The least way through which key account management orientation did have an influence in the organization structure was felt through firm's degree of formalization is influenced by KAMO which respondents agreed to shown by a mean of 3.47 and standard deviation of 0.647.

4.5 Regression Analysis

Regression analysis is used to access the effect each variable has on the dependent factor in a linear regression model. Thus, the study used the regression analysis to check by what degree does of key account management orientation have effect on organogram of the Kenya's pharmaceutical industry. The results of the analysis are presented in the model summary, ANOVA and constants tables.

4.5.1 Model Summary

The model summary table is used to show how much variation on the dependent variable is as a result of the independent variables fitted in the model. Table 4.4 shows the findings.

Table 4.4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.689 ^a	0.475	0.46	0.338

Source: (Primary Data, 2020)

The model summary indicated that R-square was 0.475. This means that 47.5% of the variation in organization structure was due to key account management orientation. This results also imply that 52.5% of the variation in organization structure was either due to error or other factors that were not investigated by the model.

4.5.2 Analysis of Variance

The ANOVA investigates whether the approach fit is statistically significant by looking into the variability within the model. If the model level of significance is greater than 0.05 then the model is not fit for predicting the dependent variable. However, if the level of significance is less than 0.05 then the model is statistically fit to predict the dependent variable. Findings of the Anova are as presented below.

Table 4.5 Anova

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	156.54	1	156.54	2.02	.001 ^b
Residual	2,634.25	34	77.478		
Total	2790.79	35			

Source: (Primary Data, 2020)

Table 4.5 reveals that the level of significance for the model is 0.001. This value is less than p value 0.05. This depicts that the design is exhibits statistical importance to predict organization structure based on key account management orientation.

4.5.3 Coefficients

The coefficients table presents the value by which the independent variable has an influence on the dependent variable. This value helps fit the model of the dependent variable based on the independent variable. Findings from the analysis are as shown below.

Table 4.6 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.201	1.474		2.821	0.001
Key Account Management Orientation	0.376	1.28	0.043	0.294	0.021

Source: (Primary Data, 2020)

From the table 4:6 the model fit for data is as follows;

$$Y = 0.201 + 0.376X_1$$

Where:

Y - Organization structure (dependent variable)

X₁ - Key Account Management Orientation (Predictor variable)

The constant value 0.201 means that if key account management orientation was held constant then organization structure would have a value of 0.201. Key account management orientation had a beta value of 0.376. The implication is that for every added unit in KAMO, organization structure went up by a value of 0.376.

4.6 Discussion of the Findings

This research's target stemmed from defining the effect of key account management orientation on organization structure of the Kenya's pharmaceutical industry. Analysis from the exploration revealed that most individuals working in the pharmaceutical industry were in their above the youthful age as they accounted for 69% of the respondents. Results of the study also indicated that the industry though almost achieving an equal gender parity had more males than females who represented 52% of the respondents. Research results also revealed that a larger section of the study populations worked in staff departments as they constituted 69% of those surveyed while those that had worked in the industry for a period between 1-3 years were the majority and accounted for 40% of the respondents.

Findings from descriptive statistics showed that top management involvement focus on the importance of key accounts management was the most important way through which KAMO existent in the pharmaceutical industry was felt. The findings from descriptive statistics also showed that seniors' managers' assignment to key accounts was one of the main ways through which KAMO influenced organizational structure.

Findings from regression analysis showed that 47.5% of the variation in organization structure was due to KAMO. Further the findings showed that KAMO was a positive significant predictor of organization structure as shown through the positive beta coefficient of 0.376.

Findings of this study concur with those of Muchibi (2019) who carried out an investigation of how KAMO had an influence on Kenya's commercial banks. From his examination, he determined that KAMO did have a constructive significant impact on the organization structure of the 42 banks that he surveyed.

The discoveries of the inquiry also agree with Kithinji (2017) 's investigation on the effect of KAMO on brand performance of microfinance institutions in Kenya. Findings from his study showed that KAMO specifically in top management, customer orientation, and relationship management had a positive and significant effect on brand performance.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The section presented the summary of findings that are consistent with the objective of the exploration, which was investigating the impact of significant account controlling alignment on organization structure of the pharmaceutical industry within the nation. The chapter further gives conclusion, limitation of the study, recommendation from the study and for additional investigation.

5.2 Summary of the Findings

The exploration was guided by the questionnaire and was divided in various segments that included: background data such as age, gender, department and working experience. The questionnaire was also divided into segments of key account management organization and organization orientation.

From the findings, males represented 52% of the population and females, 48%. The findings further showed that a larger group operated in staff employee departments while the minority worked in managerial departments. Outcomes of the investigation also displayed a 1- 3 years working experience of the staff. This was followed by those with 3 years and above, 7-12 months and 6 months and below respectively.

Findings also showed that respondents did agreed that KAMO was existent and in use the in pharmaceutical as indicated by the overall mean. The respondents noted that one of the key ways through which KAMO was utilized in the industry was through top management

involvement focus on the importance of key accounts management. Discoveries of the inquiry also revealed that respondents approved that KAMO did influence their organization structure as indicated by the overall mean. One of the significant ways through which this influence was exerted was through seniors' managers' assignment to key accounts.

The model summary of regression analysis showed that 47.5% of the variation in organization structure was due to the regression model fitted. The Anova revealed that the model was statistically fit to predict organization structure based on KAMO. Further the inquiry displayed that KAMO was a positive and noteworthy predictor of organization structure as shown by the beta coefficient of 0.376.

5.3 Conclusion

The investigation noted the presence of a strong liaison between of key account management orientation and organization structure as it explained the 47.5% of the organizational structure that was in place pharmaceutical industry in Kenya.

5.4 Recommendations

The study recommends that the pharmaceutical industry in Kenya should practice key account management orientation in order to enhance their organization structure since KAMO was found to have a constructive impact on the industry business structure.

The investigation also recommends the industry maps out specifically what aspects of KAMO are relevant to their industry and invest heavily into those aspects so as to see tangible improvement in their organization structure.

5.5 Limitation of the Study

The inquiry's limitation stemmed from biasness. Despite the researcher having proper documentation to allow him to conduct the study, a section of the population were reluctant in sharing important details. This was evidence by the questionnaires that were not dully filled.

The study also focused on the pharmaceutical industry in Kenya. Thus the results of this study can only be inferred to the use of KAMO specifically in this industry and not other industries.

5.6 Suggestion for Further Studies

The exploration established that KAMO accounted for 47.5% of the variation in organization structure. Thus it is important for other researchers to investigate what other factors help explain the variation in organization structure.

This study also recommends that researchers also investigate the use of KAMO and its influence on organization structure across various industries that exists in the Kenyan economy. This will help ascertain whether these results hold true for the pharmaceutical industry in Kenya or across other sectors as well.

The study also recommends investigation on the possible challenges that an industry could experience while implementing KAMO. This knowledge will shed light on how these challenges can be handled well in advance.

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APPENDICES

Appendix I: Questionnaire for the Respondents

The study seeks to establish the influence of Key Account Management Orientation and organization structure of the Pharmaceutical Industry in Kenya.

SECTION A: BACKGROUND INFORMATION

1. What's your age bracket?

18 to 23 24 to 29

30 to 35 35 to 40

40 and above

2. What's is your gender?

Male Female

3. Which department are you currently working in?

Managerial Staff employees

4. How long have you been working for this organisation?

6 months and below 7 to 12 months

1 to 3 years 3 years and above

SECTION B: KEY ACCOUNT MANAGEMENT ORIENTATION

Below are several statements to establish the existence of Key Account Management Orientation. Kindly indicate the extent to which you agree with each of the statement. Use a scale of 1-5 where; 1= Strongly disagree, 2 Disagree, 3= Indifferent, 4= Agree, 5= Strongly Agree.

Statement	1	2	3	4	5
The firm has a top management commitment to its customers					
Customer oriented culture capture's the suppliers focus on the overall customer basis					
Inter-functional coordination exists in the firm					
Top management involvement focus on the importance of Key accounts management					
Top management initiate the implementation of key account management					
The firm has the ability to customization					
There is a focus towards Inter-functional support towards creating value for key accounts					
There is a coordinated exchange of customer information among various departments					
The firm is able to respond to key account needs in a flexible way					
The firm has a centralized purchasing function that require correspondingly synchronized approach from several parts of the contractor					

SECTION C: ORGANIZATION STRUCTURE

Below are several statements to determine the impact of Key Account Management Orientation. Kindly indicate the extent to which you agree with each of the statement. Use a scale of 1-5 where; 1= Strongly disagree, 2 Disagree, 3= Indifferent, 4= Agree, 5= Strongly Agree.

Statement	1	2	3	4	5
KAMO influenced the departmentalization					
The firm has customer focused organisation structure					
KAMO influenced the firm's chain of command					
There is an increasing assignment of cross-functional teams to key accounts					
KAMO influenced the span of control					
The organisational structure emphasize on the involvement of other units for various sales/marketing activities					
KAMO influenced the centralization of the firm's organisation structure					
KAMO influenced the decentralization of the firm's organisation structure					
Senior managers are assigned to key accounts					
KAMO influenced the firm's work specialization					
The firm's degree of formalization is influenced by KAMO					
The organisation structure involve increasing assignment of cross-functional teams to key accounts					