

**EFFECT OF COMPETITIVE STRATEGIES ON PERFORMANCE OF
PHARMACEUTICAL MANUFACTURING COMPANIES IN NAIROBI
METROPOLITAN AREA**

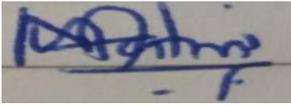
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT
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2021

DECLARATION

I, Maryann Kanyingi, hereby declare that MBA research project titled “Effect of Competitive Strategies on performance of pharmaceuticals industry’s manufacturing firms in the Nairobi Metropolitan Area” is my novel conceptualization and has not been presented to any university, college or institution, for conferment of any degree, diploma or certificate.

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SUPERVISOR’S APPROVAL

This research project prepared by Maryann Kanyingi titled “Effect of Competitive Strategies on performance of pharmaceuticals industry’s manufacturing firms in the Nairobi Metropolitan Area” has been handed in for assessment with my endorsement as the appointed University Supervisor.

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DEDICATION

This Research Project is dedicated to my parents Joseph Kanyingi and Emmah Kanyingi for their unwavering support, prayers and encouragement throughout the study. I am indebted to you for the values you inculcated in me throughout my childhood and formative years in school to reach where I today. Your words of motivation and prayers for my success still remain vividly clear in my mind. I would not have gotten to the heights of education that I have reached today without you.

ACKNOWLEDGEMENT

For His grace through my academic pursuits, I thank the Almighty God. I also benefited from support, critique and input from my supervisor in the course of writing this project. I therefore owe the success of the research project to Prof. James Gathungu, who worked with a lot of patience to offer the necessary support and guidance. For providing a conducive atmosphere for learning, I would also like to extend passionate appreciation to the University of Nairobi.

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LIST OF ABBREVIATIONS

COMESA	Common Market for East and Southern Africa
DCT	Dynamic Capability Theory
EBITDA	Earnings before Interest and Tax and Depreciation
EPZ	Export Processing Zone
KAM	Kenya Association of Manufacturers
KIA	Kenya Investment Authority
MoH	Ministry of Health
PPB	Pharmacy and Poison Board
RBV	Resource-Based View
ROA	Return on Assets
RoI	Return on Investment

OPERATIONAL DEFINITION OF TERMS

- Competitive Strategy:** The totality of those techniques that a firm possesses and marshals to strengthen its position in the market, appeal to prospects and endure competitive forces (Thompson & Strickland, 2018).
- Cost leadership strategy:** An assortment of activities conducted to generate goods or services with features that are suitable to prospects at low costs in comparison to rivals (Kurt & Zehir, 2016).
- Differentiation:** The capability of an organization to attain competitiveness relative to its rivals due to perceived uniqueness of products and/or services (Rastogi, 2017).
- Firm performance:** The assortment of accomplishments attained by various businesses or departments contributing towards the realization of the goals of an organization (Hsueh & Tu, 2018).
- Focus:** Emphasizing on specific sections of the industry instead of engaging a whole market by distinguishing goods or overall cost leadership (Porter, 1980).
- Pharmaceutical Industry:** The economic segment that engages in the producing drugs or pharmaceuticals for use in medications.

ABSTRACT

In a business context which is marked by rivalry that is intense, advancements of technology rapidly and rivalry for prospective customers, a demand is growing for profit-oriented organizations to craft strategies that are competitive in order to attain competitiveness relative to its rivals and guarantee performance that is superior. For long, manufacturing companies in the pharmaceuticals industry in Kenya have traded in an adverse business context that is volatile. The cutthroat dynamics have consequently led to a majority of manufacturing firms in the pharmaceuticals industry losing their proportion of the market, volume of sales, production cost and profitability. They have consequently resorted to adopt strategies aimed at building their competitive positions in comparison to rival firms with a view to endure competition and outperform rivals. It is unexplored however, how these strategies that are competitive adopted, predict performance thereof. This study endeavored to fill this gap by ascertaining how strategies that are competitive influence manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area, influence performance. A cross-sectional design was taken in this study and the target population comprised relevant departmental heads concerned with business, strategy development or their matches, from the 35 manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area. Due to the considerably small target population, a census survey was adopted, by which all manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area were selected in the study. Gathering of primary information was conducted by use of a structured questionnaire. Computations of both inferential and descriptive statistics were then conducted. Results show that performance is at 95% confidence level influenced significantly by focus strategy ($\beta = .315$, Sig.=.049<.05), strategy of differentiation ($\beta = .286$, Sig.=.043<.05) and cost leadership ($\beta = .355$, Sig.=.018<.05). It is concluded in the study that cost leadership, focus and differentiation strategies have an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. The study thus recommends that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as strategies that are competitive, cost leadership, strategy of differentiation and strategy of focus.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In a business context which is marked by rivalry that is intense, advancements of technology rapidly and rivalry for prospective customers, a demand is growing for profit-oriented organizations to craft strategies that are competitive in order to attain competitiveness relative to its rivals and guarantee performance that is superior (Valipour *et al.*, 2019). Performance that is desirable for an organization increases not only the market value of the organization, but further leads to the entire industry's progression which translates finally to overall economic prosperity (Thomas & William, 2018).

Firms design and formulate strategies that are competitive with a view to position the firm to trade distinctly from its rivals and realize outcomes of the organization that are superior (Zott, 2017). Jonsson and Devonish (2019) observe in this regard, that performance which is superior is characteristically reported in firms that use strategies that are competitive, relative to firms that fail to use strategies that are competitive. It is postulated by Porter and Millar (1985) that the overall aim of a company Taking up strategies that are competitive is to improve profitability and sustainability of the business.

Put forth by Wernerfelt (1984), this research was grounded on Resource-Based View (RBV). This was complemented by Dynamic Capabilities Theory (DCT) proposed by Teece *et al.* (1997). The RBV lays emphasis on a company's internal resources and capabilities, to realize the organization's value and attain performance that is superior. It puts forth that a company is a greater resource variety and performance that is superior presupposes manipulation of extant capitals and the mobilization of additional ones (Wernerfelt, 1984).

DCT advances that the capability of a firm to responsively and efficiently alter present operations and configure its capitals earns them competitiveness in a business environment that is highly volatile (Teece *et al.*, 1997). This research particularly grounded its conceptualization and analysis of data on the anchoring theories to observe how manufacturing firms in the pharmaceuticals industry that seek to attain performance that is superior in Nairobi Metropolitan Area, ought to marshal their capabilities and internal resources with a view to realize focus, differentiation and cost leadership, and achieve superior performance. The theoretical anchorage in this study was successfully applied in previous extant studies including by Baariu *et al.* (2021) and Gathungu and Mwangi (2012).

Utilization of strategies that are competitive of utmost importance in the manufacturing industry which has undergone vigorous unpredictability in the last two decades leading up to the year 2021, resulting in firms in the manufacturing industry to more rapidly respond to the volatility (Gao *et al.*, 2017). This is notable especially in the pharmaceutical sector in which technological progressions, shifts in expectations of consumer and adverse government policy coupled with reforms in healthcare are putting pressure on firms in the manufacturing industry to craft diverse strategies that are competitive to maintain and improve their market positions (Kestic, 2019). It is therefore important to evaluate the way these strategies that are competitive predict performance of manufacturing firms in the pharmaceuticals industry, hence this study.

1.1.1 Competitive Strategies

The notion of strategies that are competitive is described by Dirisu *et al.* (2019) as the grounds on which competitiveness may be realized by a unit of business in its industry. Thompson and Strickland (2018) on their part describe strategies that are competitive as

comprising the totality of those techniques that a firm possesses and marshals to strengthen its position in the market, appeal to prospects and endure competitive forces. strategies that are competitive describe the typical tactics which a firm sets out to leverage with a view to earn competitiveness vis a vis its rivals in respect to shielding against forces that are competitive and appealing to customers (Mohamed *et al.*, 2018).

Porter (1985) advances that in the strategy of cost leadership, firms aim to take on the low-cost industry front-runner standpoint. Whereas the sources of cost benefit differ and are reliant on the sectoral dynamics, they largely comprise access to raw material that is special, pursuit for economies of scale, exclusive technology, efficiencies in terms of cost, and control and reduction of cost (Mahdi *et al.*, 2015). Strategy of differentiation is one in which the executives seek to develop exclusive services and/or products targeted at its diverse markets (Chaouachi, 2016). Lastly, Porter (1985) intimates that the strategy of focus is grounded on choosing a sharp scope of rivalry in the industry, by choosing an assortment of one sector in the industry and channels its tactics towards exclude rivals (Revathi & Aithal, 2018).

1.1.2 Performance

Performance is crucial to all firms, and it denotes how both profit-oriented and non-profit oriented companies measure the level at which the overall firm-level direction is in the intended trajectory in terms of attaining their aims, and addressing expectations of stakeholder (Taiwo & Idunnu, 2017). Success is a critical component in performance of organization and it shows the capacity to suitably react to shifts and demands of the marketplace, hitherto which undesirable performance is realized. Performance indexes the degree to which a company realizes outcomes that are either desirable or poor or financial

non-financial relative to their goals (Mazzarol, 2019)

Metrics of performance that are non-financial in nature comprise such indices as corporate social responsibility, innovation and satisfaction of customer (Andrews *et al.*, 2018).

Metrics of performance that are financial in nature comprise of income statement or balance sheet aspects such as profitability, profitability ratios, solvency, market value ratios, liquidity, leverage ratios, liquidity proportions and asset management ratios (Brewer, 2018).

Metrics of performance that are financial in nature may further comprise of shifts in expense categories, growth in sales and market proportion (Andrews *et al.*, 2018). A metric that is most frequently utilized in assessing performance financially is profitability as gauged by return on investment (RoI) or return on asset (RoA) (Knies *et al.*, 2019).

1.1.3 Pharmaceutical Manufacturing Firms in Kenya

The pharmaceuticals sub-sector of the manufacturing industry in Kenya is comprised of 35 companies in the pharmaceuticals sector which are licensed and engaged in the production of pharmaceuticals for both local and regional markets. According to Kenya Investment Authority (KIA), (2020), the companies are categorized as joint ventures, multi-national corporations, local manufacturing, and subsidiaries. Export Processing Zone (EPZ) (2018) reports that the country enjoys a 50% proportion of the market for products of the pharmaceutical nature within the regions of Common Market for East and Southern Africa (COMESA) According to Kenya Association of Manufacturers (KAM) (2015) COMESA is comprised of pharmaceutical firms that are licensed totaling fifty (50), over half of which (30) trade in the Kenyan market. The segment comprises a workforce of over 80,000 (EPZ, 2018). Regulation of the sector is conducted by the Pharmacy and Poison Board (PPB) in accordance with the pharmaceutical sector in the country in tandem with (Cap 244) of the

laws of Kenya (PPB, 2017).

The major firms in the pharmaceutical sector in the country include Laborate, GlaxoSmithKline, Glen Mark and Cosmos Ltd. Out of the manufacturers locally, the greatest proportion of the market is controlled by Cosmos Ltd with a market proportion of 13.9%. The common products that are manufactured for local and global markets include antimalarial, anti-biotics, antiulcer, antimoebics and analgesics. The utilization of these products is in various areas of medicine including anti-infective, that contains the greatest proportion of the market at 40%. Kenya is only second to South Africa, to produce antiretroviral drug copies that repatented (KAM, 2017).

1.2 Research Problem

Companies which fail to take up efficacious competitive strategies ultimately plunge into competitive positions that are weak, which decreases their levels of performance. Strategies that are competitive are as such techniques which assist in appealing to prospective purchasers, aid in enduring pressures from competitive forces, and strengthen a company's standing which consequently yields performance that is desirable (Gorondutse & Hilman, 2019). Preferably, a company attains performance that is superior and strengthens their standing in the market by way of accomplishing and maintain competitiveness through executing such rare competences as the strategy of cost leadership, crafting differentiation techniques, as well as when laying emphasis on markets that are narrow (Pulaj *et al.*, 2018).

For long, manufacturing companies in the pharmaceuticals industry in Kenya have traded in an adverse business context that is volatile. The cutthroat dynamics have consequently led to a majority of manufacturing firms in the pharmaceuticals industry losing their proportion of the market, volume of sales, production cost and profitability (KIA, 2020). An industry

report by KIA (2020) shows that in Kenya, imports have in recent years taken on a growing trajectory highlighted by a growth of greater than 30% in 2018 and 2017 at the cost of a dismally performing pharmaceutical manufacturing industry. Manufacturing firms in the pharmaceuticals industry in the country have therefore opted to adopt strategies aimed at building their competitive positions in comparison to rival firms with a view to endure competition and outperform rivals (KIA, 2020).

Numerous extant scholarly works in the Kenyan body of knowledge have attempted to analyze strategies adopted by these companies albeit with yawning knowledge gaps. Odhiambo (2013) explored strategies that are competitive taken up by manufacturing companies in the pharmaceuticals industry but failed to demonstrate how these strategies relate to performance. As a way of bridging this gap, this research explored how among manufacturing firms in the pharmaceuticals industry in Kenya, performance is predicted by strategies that are competitive. Munene (2016) examined tactics crafted by companies in the industry of pharmaceuticals in Kenya to attain competitive advantage which can be sustained but failed to link it to performance, hence this study which ascertained the connection between strategies that are competitive and performance. In addition, Kariithi (2017) investigated the attributes which affect performance of the financial nature among manufacturing companies in Kenya with a focus on firms in in the pharmaceuticals industry in Nairobi County, but failed to link it to competitive strategies. To address this gap, this study placed emphasis on how performance of manufacturing organizations in the pharmaceuticals industry in Nairobi City County is predicted by strategies that are competitive. Oyoolo and Bett (2017) focused on the strategies that are competitive and performance of firms in the pharmaceuticals sector in the country, but adopted a case study

on only one firm. To counter this, this research studied all manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area. Owuor (2018) surveyed how performance of manufacturing firms in the pharmaceuticals industry in Kenya is affected by strategic planning and established a positive and significant connection. Strategic planning was however the focus of the study, which is largely a process so as opposed to a practice that is competitive strategies. Competitive strategies were thus the focus of this study.

It is therefore apparent from the reviewed practice and empirical gaps in the Kenyan body of knowledge, a knowledge gap is extant in respect to how the competitive strategies taken up by the country's pharmaceutical manufacturing firms influence performance. As such, this study endeavored to fill this gap by ascertaining how competitive strategies influence manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area, influence performance.

1.3 Research Objective

To ascertain how strategies that are competitive influence pharmaceuticals industry's manufacturing firms' performance in the Nairobi Metropolitan Area.

1.4 Value of the Study

A contribution is made through this study, to the debate on the utility of contingency theory, DCT and RBV among manufacturing firms in the pharmaceuticals industry. This research particularly ground its conceptualization and analysis of data on the anchoring theories to observe how manufacturing firms in the pharmaceuticals industry that seek to attain performance that is superior in Nairobi Metropolitan Area, ought to marshal their capabilities and internal resources with a view to realize focus, differentiation and cost leadership, and achieve superior performance. The theories particularly guided the study in

demonstrating how by realizing cost leadership by way of production cost that is low, distinguishing their services and products and channeling their marketing, operational and production activities towards a given niche area, manufacturing firms in the pharmaceuticals industry are guaranteed of performance that is superior.

The findings are of immense utility to executives in among manufacturing firms in general and pharmaceutical firms in particular as they show how manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, cost leadership. In particular, the study recommends such practices of cost leadership as vigorously following practices that reduce cost; focusing on decreasing costs related to administration; persistently investing in programs aimed at cutting cost and improving internal process efficiency; and pursuing services which are not of essence from providers outside the firm so as to reduce costs.

The findings also show that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, differentiation. In particular, the study recommends such practices of differentiation as ensuring services offered by the firm have improved on a continuous basis; and consistently introduce products that are innovative. Further, the findings show that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, focus. In particular, the study recommends such practices of focus strategies as laying emphasis on markets which our rivals overlook; and customizing the range of products they offer to suit customer demand.

As an aspect of the Big Four agenda put forth in the year 2017 by the Office of the President, manufacturing firms in Kenya are regarded as a critical component of an

economic progression that is vivacious. Performance by manufacturing firms in the pharmaceuticals industry is particularly important to the country's socio-economic progression, as it has ramifications not only through generating foreign exchange by attracting foreign direct investment, job creation and contribution to GDP, but by also in eradicating the disease burden of the country through availing drugs that are curative for a workforce that is healthy.

Researchers and academicians are also set to benefit from the study findings as they offer point of reference in the body of knowledge on the connection between the strategies that are competitive and performance of manufacturing firms in the pharmaceuticals industry. Further, the study demonstrates the approaches that were adopted in this study, in terms of analysis, sampling and data collection, and based on the limitations faced, suggestions are put forth for future studies for richer insights and analyses as well as to further strengthen and validate the extant study findings.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, the conceptual model, theoretical anchorage and empirical literature relevant to the research problem are presented. In the review of theories, the anchoring theories are identified and discussed in relation to the key concepts explored in this study and how strategies that are competitive predict performance of manufacturing firms in the pharmaceuticals industry in the country. The review of extant scholarly works identifying knowledge gaps are then explored while conceptual outline graphically shows a depiction of the hypothesized connections between the factor concept and outcome factors.

2.2 Theoretical Foundation

Various theories and models anchor the connection between strategies that are competitive, that form the grounds for this study. Of direct relevance to the connection between strategies that are competitive and performance in the context of manufacturing companies in the pharmaceuticals industry, this study was grounded on both DCT and RBV.

2.2.1 Resource Based Theory

Put forth by Wernerfelt (1984), RBV lays emphasis on a company's internal resources and capabilities, to realize the organization's value and attain performance that is superior. RBV puts forth that a company is a greater resource variety and performance that is superior presupposes manipulation of extant capitals and the mobilization of additional ones (Wernerfelt, 1984). RBV also postulates that among firms, performance differences come to bear when firms that are successful possess resources that are valuable and that rivaling

companies do not have, allowing them to obtain profitability in its domineering position (Penrose, 1980).

The main criticism of RBV is that it supposes that capitals of the firm are heterogeneously dispersed among firms and over a particular time period, it is possible to be sustained (Chathoth, 2002). It provides for various capital concepts not including other attributes, for example, the notion of variables fitting strategies that are competitive which might improve performance that is financial (Revathi & Aithal, 2018). Bromiley and Papenhausen (2003) argue that RBV supposes that firms are entities which are profit capitalizing. In spite of the critiques, RBV provides enough basis for anchoring the position that manufacturing firms in the pharmaceuticals industry in Kenya attain performance that is desirable when the organizations use such rare capitals in their possession, including differentiation of processes and/or products, cost leadership and focus to allow performance that is superior to be attained.

2.2.2 Dynamic Capability Theory

Proposed by Teece *et al.* (1997), DCT advances that the capability of a firm to responsively and efficiently alter present operations and configure its capitals earns them competitiveness in a business environment that is highly volatile. Teece (2007) regards capabilities that are dynamic as firm-level strategic processes that organizations use to obtain new resource alignments in order to attain competitiveness advantage, as markets collide, evolve, split, die and emerge. Accordingly, Helfat *et al.* (2007) argue that DCT emphasizes on top executives' strategic development aimed at concentrating their capabilities and resources to satisfy a niche while holding on to rare abilities to ensure performance that is superior.

Gathungu and Mwangi (2012) anchored their study on DCT and assert that while all organizations seek out performance that is superior leading the realization of a competitive advantage that is sustainable and great profits, they face numerous hardships on the way attain competitiveness which is sustainable specifically in a business context that is greatly volatile. The authors point capabilities that are dynamic leveraged by organizations in developing and sustaining advantage that is competitive in the context which is greatly dynamic and create a conceptual framework interlinking performance of firms to these dynamic capabilities. These include dynamic capabilities, sensing, managerial, transforming and seizing.

According to Teece (2007), the major criticism of DCT is its attribution of capability differences to choices by management which are differ among organizations. In cases where these dissimilarities are not connected with the management's discretion and fail to be different among organizations, then it is not clear what capabilities ought to be pursued for purposes of attaining advantage that is competitive. In spite of this criticism, DCT's primary predictions are of pertinence to this research. DCT anchors how manufacturing firms in the pharmaceuticals industry take such strategies that competitive as focus, differentiation and cost leadership in reaction to volatilities in the market and attain desirable performance.

2.2.3 Contingency Theory

Advanced by Fiedler (1964), the contingency theory holds that no optimal fashion of organizing a firm exists, but it is only contingent on the task setting. The theory postulates that performance that is superior is achieved in a variety of manners and results from a fit between organizational and environmental factors. Thus, by realizing cost leadership by way of production cost that is low, distinguishing their services and products and channeling their marketing, operational and production activities towards a given niche area, manufacturing firms in the pharmaceuticals industry are guaranteed of performance that is superior (Mausolff & Spence, 2008).

Donaldson (1987) observes that business executives evaluate in prudent manner, the firm's task setting, considering the internal aspects of the organization, and appropriately taking up their practices. It is espoused by Priem (1994) that superior performance emanates from a fit among structure–environment-strategy which based on decisions by the executive. Based on this, the research aimed at exploring how performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area is dependent on strategies that are competitive. These comprised of cost leadership, focus, and differentiation.

2.3 Porter's Generic Competitive Strategies

The framework of strategies which are competitive advanced by Porter (1980) suggests that a firm should choose whether or not lay emphasis on slim or wide sections of the market and if to lower cost or to follow profits by observed uniqueness (differentiation). Accordingly, albeit focusing on SMEs, Baariu *et al.* (2021) demonstrate that the context-based attributes guiding strategies that are competitive exert an association that is of statistical significance performance of firms in the manufacturing industry in the county of

Nairobi (1980).

2.3.1 Cost Leadership

In cost leadership, Porter (1985) advances that a firm seeks to assume industry's cost leadership. Barney (1997) notes that for a firm to follow strategy of low-cost leadership, it presupposes that it carries out operations with a sufficiently efficient production lines and bear productive systems for them earn an advantage competitively. While customers are provided by the organization similar goods as provided by rivals, this is at costs that are considerably lower. Costs which are low emanating from a firm's advantage competitively could be obtained by adopting reduction of various service designs or processes, contemporary technology, innovation of processes and use of scale economies (Rothaermel, 2018).

It is asserted by Porter (1985), that in order to attain an award that is substantive from the strategy of cost leadership, it is important that the organization becomes an industry cost leader and has to be unmatched in its place. Thompson (1997) argues that the uptake of the strategy of cost leadership a strategy that is competitive may not automatically mean that a firm will offer their goods at the cheapest price. Instead, it implies that the firm charges its goods competitively considering customer perception of their goods (Ardichvili *et al.*, 2018).

2.3.2 Differentiation

Organizations which pursue a strategy of differentiation endeavor to be restricted in their sector alongside some attributes which widely valued by buyers (Porter, 1985). It selects features that a majority of industry buyers consider domineering, and uniquely fixes itself to meet the needs. As a result of its exclusivity, the organization is awarded a rate that is premium. It is possible for a firm to establish a strategy of differentiation that exclusive features that may be hard to duplicate through rivaling firms that include among others, quality of customer service, quality of the firm's product/service, innovativeness, reliability and reputation (Rothaermel, 2018).

It is further advanced by Porter (1980) that a firm that pursues a strategy of differentiation should make use of price elasticity of demand for its offerings that could as a result profit the organization, from competitive costing that is possibly stiff and enable it to quote a rate that is premium. Efficacious implementation of plans of differentiating productively is however grounded on based on corporate reputation that is good, availability of resources, re-engineering/engineering of products, marketing skills that are strong, and reliable and durable products (Rastogi, 2017).

2.3.3 Focus

According to Davidson (2001), in the strategy of focus, a firm, notes and targets a niche area of the market which could either be a given group of customers or a location geographically. Other than following a whole industry, a firm which uses strategy of focus aims at a section of the market with requirements that are tailor-made. Porter (1985) advances that two kinds of strategy of focus exist: low-cost and differentiation approach. In differentiation, the

emphasis of focus is on the special needs of the buyers in various sections of the market (Rothaermel, 2018).

According to Rastogi (2017), competitiveness may be realized by strategy of focus through specially concentrating on market sections that the company serves better as compared to competitors. Davidson (2001) observes that a firm using the strategy of focus in choosing these segments of the market could regard special such attributes as product specifications, behaviors and patterns of buyer, and areas in geography. The section of the market ought to be large enough and possess growth potential.

2.4 Performance

Taiwo and Idunnu (2017) intimate that performance denotes a parameter of how wide aims and goals are realized by firms. It is an index of the level at which a firm utilizes its assets to realize its realistic yield relative to its targeted objectives and standards. Metrics of performance which are not financial in nature comprise such indices as increase in staff numbers, increase in market proportion, and productivity increase while metrics of performance which are financial in nature comprise EBITDA, RoA, profit after tax (PAT), RoI and sales revenue (Richard, 2019).

Performance in the financial sense is conceptualized as a metric that is objective on how an organization can optimally generate incomes from its business activities by utilizing its capitals (Andrews *et al.*, 2018). This aspect is also leveraged as an organization's ordinary metric of financial welfare over a given scale of time could be used to compare among similar firms in operational sectors that are similar (Bellé, 2019). Mazzarol (2019) asserts

that performance measuring demonstrates that workforce can generate the value of a firm by increasing the firm's future income streams.

2.5 Review of Related Studies

2.5.1 Strategy of Cost Leadership and Performance

Banker *et al.* (2018) in the United States, explored the connection between performance sustainability and strategic positioning by firms, and established in their outcomes from both regression and factor analysis that performance that is contemporaneous, is significantly and positively affect by cost leadership. In the study, publicly accessible information was utilized comprising 12,849 obversions of firm years from 1989 to 2003.

Similarly, Birjandi *et al.* (2019) focused on the connection between cost leadership strategy and ROA and established a linkage that us positive between sales growth and cost leadership strategy. The research was carried out focusing on 45 listed organizations at the Tehran Security Exchange from 2009 to 2013. The information was gathered from Tehran official stock exchange bulletins via Novin software, Tadbir Pardaz software, and stock sites.

In Ghana, Sulemanu (2019) in their exploration of the linkage between performance of miners that are small-scale and cost leadership found that those firms or miners who have concerted efforts and took up common management/leadership grew their production and market base. It was ascertained in the research that performance of small-scale miners in Ghana is predicted significantly by strategy of cost leadership.

Njuguna and Waithaka (2020) evaluated the connection between organizational performance and strategy of cost leadership with a focus on insurers from Nyeri County,

Kenya from 2014 to 2018. The study outcomes showed that cost leadership has an effect that is strong and positive on organisational performance. Focusing on East Africa Breweries (Kenya) Limited, Baraza (2017) explored how performance was predicted by strategy of cost leadership. Outcomes demonstrate that strategy of cost leadership predicted performance of firms in a positive manner.

2.5.2 Strategy of Differentiation and Performance

Hsueh and Tu (2018) report that both profits and sales growth were influenced positively by differentiation that is innovative. With a sample of 178 small business owners in Indianan, results showcased that in environments that are hostile, higher financial performance levels resulted from product innovation. Similarly, in China, Memili *et al.* (2020) surveyed 500 fast-growth organizations in a review of 2003 data. The study determined that firms that offer products and/or services that are similar to extant market offerings resulted in sales growth that are of lower rates in comparison to those that offer incremental and major innovations.

In Australia, Spencera *et al.* (2019) assessed the intervening role of gauges of performance that are both of non-financial and of financial in connection between a strategic orientated strategy of differentiation and performance. Employing questionnaire information from manufacturing companies, the research employed a model of path-analysis. It reports that organizations which take up a differentiation strategy (suppleness of goods or focus on customer service) use non-financial and financial measures performance.

In Nigeria, Diris *et al.* (2020), studied Uniliver, Nigeria Plc, with the aim of evaluating differentiation of products as an instrument of competitive advantage in predicting performance. 323 customers were sampled in the study which focused on two concepts,

outcome and factor. It showed in their evaluation that as an instrument of competitiveness, differentiation of products is positively and significantly impacted upon by manufacturing firms' performance.

2.5.3 Focus Strategy and Performance

In Kosovo, Islami *et al.* (2020) sampled 113 firms in their demonstration of how performance of firm is predicted by Porter's focus strategy. Primary information in the study was gathered using questionnaires. A Pearson's correlation computation, multivariate regression and *t* test, were utilized to test hypotheses. Results demonstrate that focus strategy is positively and significantly connected to performance of firms.

Akintokunbo (2018) in Nigeria examined the connection that exists between strategy of market focus and performance with a focus on companies in the telecommunication industry in Port Harcourt. A cross-sectional approach was taken up, sampling 100 staff in the management cadre of 4 firms in telecommunication in Port Harcourt. To test hypotheses, both descriptive and Spearman's rank correlation computations were utilized. Results established an association that is of significance and affirmative between strategy of focus on the market and performance of firms in the telecom industry in Port Harcourt.

Wanjiku and Deya (2021) examined how strategies that are competitive in Kenya influenced Micro Financial Institutions' performance by a focus on the cap on interest rate. All 13 CBK- licensed MFIs in Kenya were surveyed in the descriptive survey. The gathered information was evaluated utilizing both descriptive and inferential computations which ranged from correlation, regression, frequencies and percentages. It was established in their

study, that microfinance institutions' performance in Kenya is linked significantly to strategy of focus.

2.6 Summary of Empirical Studies and Research Gaps

In a tabular presentation, this section puts forth relevant gaps in research obtained from the literature reviewed. This demonstrates the study's relevance as it presents the left in the body of knowledge by extant studies on how Kenya's manufacturing firms in the pharmaceuticals industry' performance is influenced by strategies that are competitive.

Table 2.1: Summary of Empirical Studies and Research Gaps

Study	Methods	Key Findings	Research gaps	Current Study Focus
Association between firms' strategic positioning and performance sustainability in the United States Banker, Mashruwala and Tripathy (2018)	Factor analysis, Regression analysis	Contemporaneous performance is positively and significantly impact on by cost leadership	Study was not specific to pharmaceutical manufacturing firms	Focuses on pharmaceutical manufacturing firms in Kenya
Linkage between performance of organisations and cost leadership strategy with reference to insurance firms in Nyeri County, Kenya Njuguna and Waithaka (2020)	Descriptive and inferential statistics	Organisational performance has a positive and strong association with cost leadership	Did not focus on performance; focused on insurance companies	Focuses on performance and pharmaceutical manufacturing firms in the Kenyan context
How growth and profitability is influenced by differentiation strategies Newton et al. (2015)	Inferential statistics	Wineries distributing over 50% direct-to-consumer and sourcing over 50% estate grapes record higher gross margins in comparison to other groups.	Focused on wineries in the United States	Focuses on pharmaceutical manufacturing firms in the Kenyan context
How food processing organizations perform in Nairobi County Kamun (2019)	Inferential statistics	Performance of food processing companies is influenced by a differentiation strategy	Did not focus on performance; focused on food processing companies	Focuses on performance and pharmaceutical manufacturing firms in the Kenyan context

Source: Researcher (2021)

2.7 Conceptual Framework

The projection in Figure 2.1 is the graphic outline depicting the hypothesized connection among concepts examined in this research. As projected, this research assumed that a connection exists between the factor concepts including strategies of cost leadership, focus and differentiation and the outcome concept, which is performance.

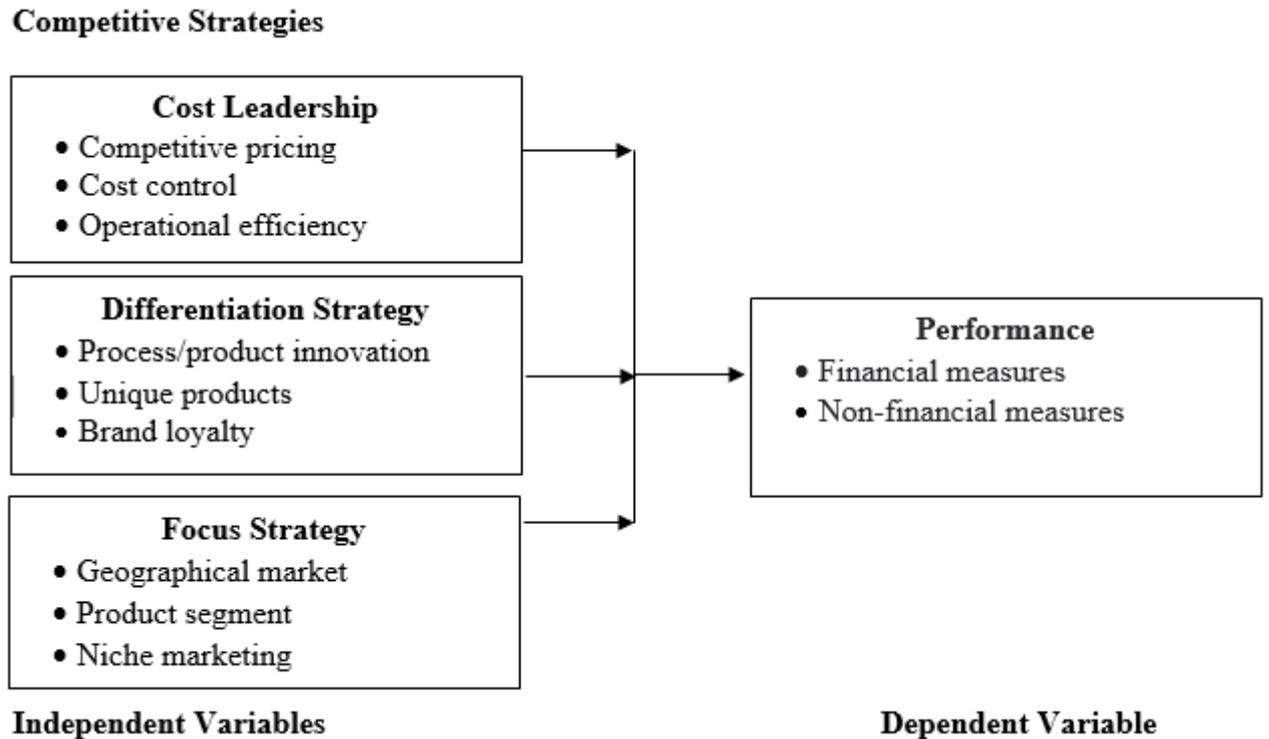


Figure 2.1 Conceptual Model

Source: Researcher (2021)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the approaches which aided in attaining the goals of the study are delved into. In particular, the chapter present the techniques of data collection, tools used in gathering information, tools used in computing the gathered information, size of the sample and approaches used in sampling and the target population.

3.2 Research Design

An approach of the cross-sectional nature was taken in this research. As Mertens (2010) opines, studies of a cross-sectional approach evaluate alterations across various phenomena, subjects, or units at one point-in-time, as opposed to a period that is progressive. Ghauri and Gronhaug (2010) similarly observe that surveys of a cross-sectional nature involve studying a particular aspect and measures its features at a given point in time. In this research, this approach was relevant as it set out to articulate associations of a statistical nature between the factor and outcome concepts with emphasis on firms at once.

3.3 Population of the Study

The target population comprised relevant departmental heads concerned with business, strategy development or their matches, from the 35 manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area as per KIA (2020). Due to the considerably small target population, a census survey was adopted, by which all manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area were selected in the study.

Collis and Hussey (2009) aver, a census survey comprises the systematic and procedural data gathering from every participant in the study population, in which the sample comprises the whole target population. Contrary to sampling in which information is acquired only from a subset of a population, in a survey that is census, the methodical recording, attainment and enumeration of information concerning all units in a particular population (Mugenda & Mugenda, 2003).

3.4 Data Collection

Gathering of primary information was conducted by use of a structured questionnaire. Saunders *et al.* (2016) observe that contingent on capability to write and read by respondents and time allocation, both self- or researcher mode of administration of the questionnaires was adopted. Collis and Hussey (2009) opine that, information which may not be reliably observable can best be collected by use of questionnaires. Self-administration technique was in this study utilized, in which the research tools administered by the researcher in order to allow quality time for participants to give their feedback.

The questionnaires, which were structured comprised 5-range Likert type questions that are closed-ended, gauging respective levels of participants' affirmation to the statements that were posed. A four-structure approach was adopted in designing the questionnaire. Part A contained statements on the biographic data, while Part B contained statements on the first concept of the study, which is strategy of cost leadership. Statements of the strategy of differentiation were presented in Part C, while questions on strategy of focus were included in Part D. Statements on performance were included in Part E.

3.5 Reliability and Validity Tests

The study carried out a pilot test sampling 10 manufacturing companies in Kenya, which fall outside the purview of manufacturing firms in the pharmaceuticals industry. These 10 were not part of the main research. As per Nunnally (1978), the aim of the pilot test was to guarantee that the research instruments bear internal constancy.

3.5.1 Reliability of the Research Instrument

Collis and Hussey (2009) observe that reliability indicates the consistency of the research instruments. For reliability assessment, the Cronbach's alpha (α) was used by the researcher at 0.7 as per Nunnally (1978). Consequently, it is suggested by Collis and Hussey (2009) that a value range of 0.4 to 0.7 is suitable and values that are over 0.7 are suggested. Tashakkori and Teddlie (2010) further observe that a questionnaire is considered as not reliable the Cronbach Alpha coefficient it records is from 0.10 to 0.45; if from 0.46 to 0.64 then it has low reliability; while from 0.64 to 0.81, it is sufficiently reliable; and reliable highly if it ranges from 0.82 to 1.00. Table 3.1 projects the test results for reliability.

Table 3.1: Summary of Cronbach's Alpha Reliability Coefficients

Variable	Components of Variable	Cronbach Alpha	Number of Items	Decision
Cost leadership	Competitive pricing Cost control Operational efficiency	0.883	11	Highly Reliable
Differentiation strategy	Process/product innovation Unique products Brand loyalty	0.834	9	Highly Reliable
Focus strategy	Geographical market Product segment Niche marketing	0.765	9	Sufficiently Reliable
Performance	Financial measures Non-financial measures	0.889	6	Highly Reliable

Source: Survey Data (2021)

Table 4.2 demonstrates that alpha coefficients for all the concepts were above 0.70, varying from 0.765 which was the least, the.889 which was the highest. Highest reliability was recorded in performance ($\alpha = .889$), while cost leadership ($\alpha = .883$) followed, then strategy of differentiation ($\alpha = .834$) and strategy of focus ($\alpha = .765$). The outcomes are in tandem with Cronbach (1951), who set the 0.7 benchmark. This implied that all the questions were consistent internally, and therefore reliable. It was thus inferred that the questionnaire adopted in the study had coefficients that were sufficiently reliable and therefore appropriate for this research.

3.5.2 Validity of the Research Instrument

Validity is defined by Kothari (2004) as the degree at which a measure accurately gauges a construct, which expressly showcases the extent to which the adopted measures fulfill their objectives. Validity of both the content and face type were in this study tested. While in content validity the indices gauge whether or not the gauge is indicative of all the construct's attributes, face validity demonstrates whether or not the gauge seems like they measure the concepts they were developed to (Saunders *et al.*, 2016). Expert judgement was sought to test for both content and face validity, in order to improve both content and face validity of data collection instruments. Validity tests were passed the instruments, as the supervisors approved the same for fieldwork.

Sphericity and sampling adequacy tests were further conducted to confirm validity of the instruments. This allowed the researcher to make a determination of whether it was possible to advance further assessments. Table 3.2 projects the sampling adequacy and Sphericity test put forth by Kaiser-Meyer-Olkin (KMO) and Bartlett respectively.

Table 3.2 Adequacy of Sampling and Sphericity Test by Bartlett

Factor	KMO Test	Bartlett's Test of Sphericity			Determinant
		Approx. Chi-Square	df	Sig.	
Cost leadership	.757	214.992	55	.000	.001
Differentiation strategy	.519	105.739	36	.000	.030
Focus strategy	.595	96.387	36	.000	.041
Performance	.727	171.499	15	.000	.004

Source: Survey Data (2021)

3.7 Operationalization of Study Variables

Two main variables were explored in the study, including strategies that are competitive as the factor concept and the outcome concept as performance. These concepts were indexed differently by use of different operationalized measures as Table 3.2 projects.

Table 3.2: Operational Definition of Key Study Variables

Variable	Operational Indicators	Measurement	Measurement Scale	Data Collection Tools
Competitive Strategies Independent variable	Cost Leadership	<ul style="list-style-type: none"> • Operational efficiency • Cost control • Competitive pricing 	Ordinal	Questionnaire
	Differentiation Strategy	<ul style="list-style-type: none"> • Process/product innovation • Brand loyalty • Unique products 	Ordinal	Questionnaire
	Focus Strategy	<ul style="list-style-type: none"> • Product segment • Geographical market • Niche marketing 	Ordinal	Questionnaire
Performance Dependent variable	Financial indicators	<ul style="list-style-type: none"> • Profitability • Sales • Value of assets 	Ordinal	Questionnaire
	Non-financial indicators	<ul style="list-style-type: none"> • Number of employees • Market share • Production capacity 	Ordinal	Questionnaire

3.8 Data Analysis

Before computation of the gathered information, the information gathered from the study area was managed by cleaning, enciphering, and entry into Version 27 of the SPSS. Computations of both inferential and descriptive statistics were then conducted. Descriptive computations comprising measures of central tendencies and dispersions were presented clearly by way of both tables and figures. Computations of both regression and correlation

were further done test the advanced hypotheses. The adopted regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Performance

X₁ = Strategy of Cost Leadership

X₂ = Strategy of Differentiation

X₃ = Strategy of Focus

β₀ = Constant

β₁ - β₃ = Beta Coefficients

ε = Error

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

A determination of the effect of strategies that are competitive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area is made in this chapter. To realize this, the chapter comprises extensive results acquired in tandem with the objectives that were formulated, research instruments and the research methodology adopted. Employed herein, the major operations of analytical nature comprise the preliminary data screening, analytics of the inferential nature and descriptive computations. This chapter takes a four-structure design. In the first segment, the response rate is provided, while in the second segment, descriptive computations are advanced. The third segment contains hypothesis testing computations using inferential analysis, particularly, regression.

4.2 Response Rate

The return rate was determined based on the overall number of questionnaires that were administered, relative to the overall number that was dully filled. A total of 35 questionnaires was administered, with the target population being relevant departmental heads concerned with business, strategy development or their matches, from the 35 manufacturing firms in the pharmaceuticals industry. A return rate of 100.0% was established (Table 4.1), with all 35 administered questionnaires, dully filled.

Table 4.1: Response Rate

	Frequency	Percentage
Response	35	100.0
Non-Response	0	0.0
Total	35	100.0

Source: Survey Data (2021)

The obtained return rate was considered excellent, consistent with Collis and Hussey (2009) who advance that a rate of return of 50- 60% is suitable, while 70% and above is excellent. Similarly, Creswell (2013) noted that an excellent return rate is one that is 70% and over; while a rate of return of 50% is suitable; and a rate of return of 60% is suitable. This is also in tandem with Fowler (1984) who asserts that a return rate of 60% represents the population of the study. The study ascribes the excellent return rate to conformity to the established protocol by the researcher in gathering information from the participating firms. The University's authorization letter, alongside the NACOSTI research permit was first presented to participants prior to administering the instruments. These were valuable in inspiring response to the administered instruments.

4.3 Demographic Information

Participants were evaluated in the study studied for manifested characteristic. In this regard, the information sought entailed the duration in their individual companies and the respective firms' period of operation. In this regard, pertinent questions were advanced in the form of both 'no' and 'yes', to which respondents were expected to give feedback as suitable. Results are accordingly shown by way of frequencies and percentages.

4.5.1 Length of Operation

The study required participants to show how long their individual firms had operated in the market. This was meant to provide an overview of the various experiences at firm-level in

the Kenyan pharmaceutical sector, and hence the extent of their acquaintance with the study problem. Figure 4.1 projects the outcomes.

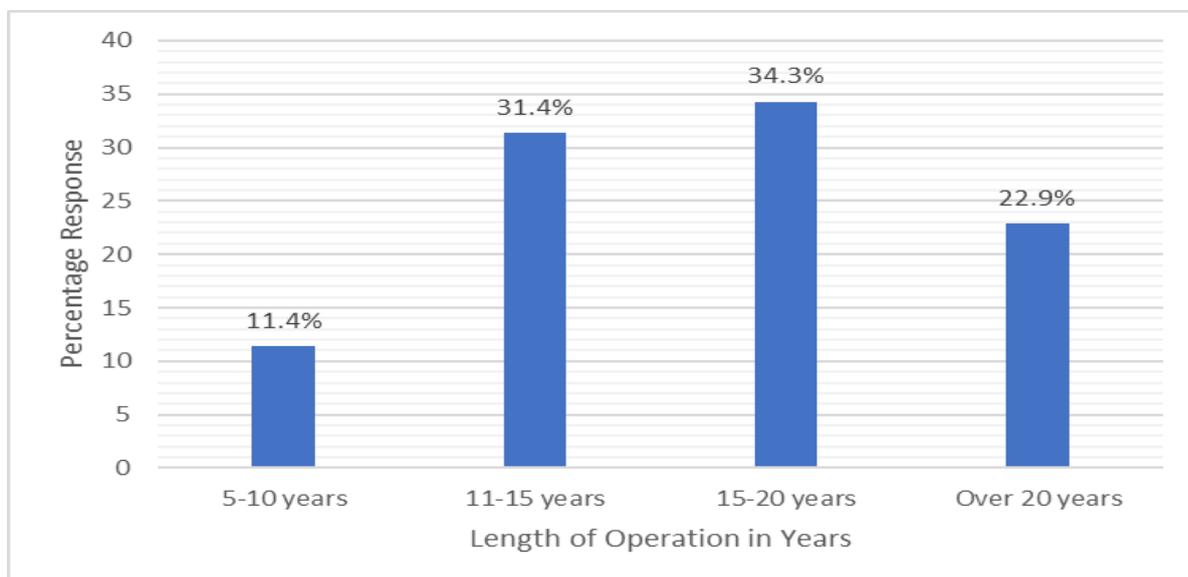


Figure 4.1: Duration of Operation

Source: Research Data (2021)

Figure 4.1 projects that a majority of manufacturing firms in the Kenyan pharmaceutical industry (34.3%) had run for between 15 and 20 years, while 11 to 15 years was affirmed to by 31.4%. Only 11.4% had run in the Kenyan pharmaceutical industry for between 5 and 10 years while a total of 22.9% had run for more than 20 years. Based on this, it can be inferred that a majority of participating companies had a drawn experience doing business in the country's pharmaceutical sector. Thus, feedback to the research questions were based on extensive experience in the country's pharmaceutical sector and as such.

4.5.2 Respondents' Length of Tenure

The study required participants to show their tenure duration in their particular firms. The question was considered essential as it was meant to show the accrued practical experiences

among the respective firms, in relation to the various adopted strategies to build competitive advantage. Figure 4.2 projects the outcomes.

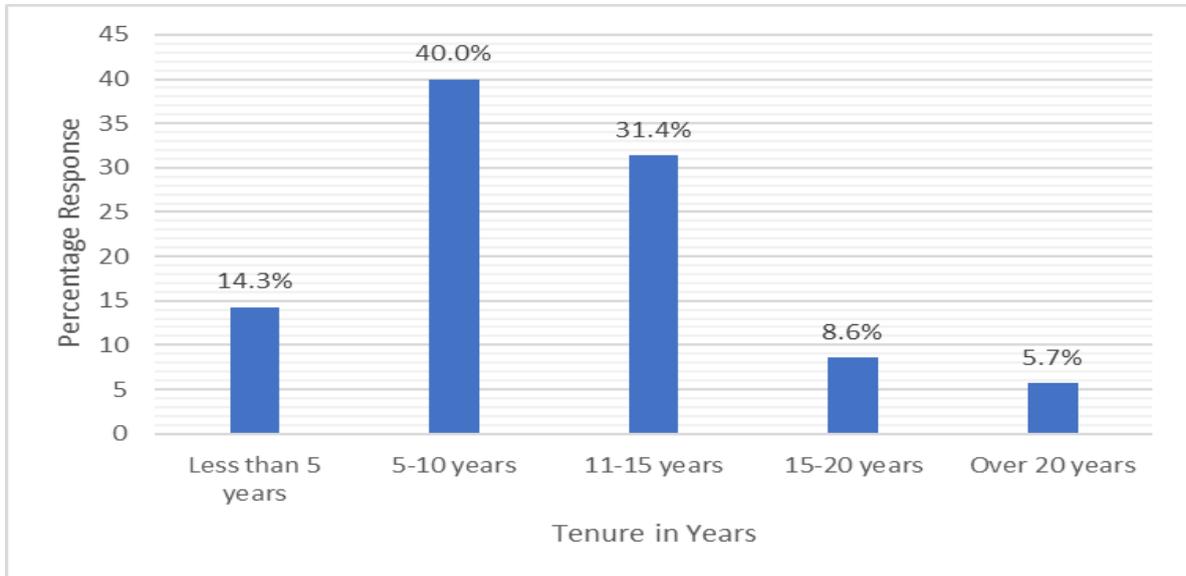


Figure 4.2: Participant Tenure

Source: Research Data (2021)

Figure 4.2 demonstrates that a 5 to 10-year tenure was affirmed to, by a majority of the participants (40.0%), followed by an 11 and 15-year tenure as affirmed to by 31.4%, a less than 5-year tenure was affirmed to by 14.3%. Only 5.7% and 8.6% affirmed to over 20 years and between 15 to 20 years respectively. These results imply that most participants had collectively worked for at least a 5-year tenure in their particular firms. This is indicative of adequate conversance among most participants in the various strategies that are competitive, taken up by the individual firms.

4.6 Descriptive Statistics

The main concepts in the study were assessed in respect to their measures of central tendencies and dispersions so as to demonstrate how they are manifested the participant companies. The concepts include strategy of focus indexed by niche marketing, product segment and geographical market; cost leadership indexed by operational efficiency, cost

control and competitive pricing; differentiation strategy indexed by brand loyalty, unique products and product/process innovation; and competitive advantage indexed by both non-financial indicators (production capacity, market share and number of employees) and financial indicators (value of assets, net profit and sales).

4.6.1 Cost leadership and performance

An examination was made in the study, on the linkage between strategy of cost leadership and performance of pharmaceutical industry’s manufacturing firms in Nairobi Metropolitan Area. A computation of the measures of central tendencies and dispersions was done on the concept, on a 5-range Likert gauge, given: 1 = “No degree”, 2 = “Low degree”, 3 = “Moderate degree”, 4 = “Great degree”, 5 = “Very great degree”. Table 4.2 projects the outcomes.

Table 4.2: Descriptive Computations for Strategy of Cost Leadership

	N	Mean	Std. Dev	CV
The prices that we charge are lower compared to our rivals	35	3.257	0.901	27.7
We engage suppliers who are discount providers	35	3.829	0.954	24.9
Through utilizing automation, we consistently reduce input in terms of labour	35	3.486	0.657	18.8
We allocate a lot of capital in promotion of sales	35	3.857	0.974	25.3
We persistently invest in programs aimed at cutting cost and improving internal process efficiency	35	4.086	0.951	23.3
We vigorously follow practices that reduce cost	35	4.257	1.079	25.3
In comparison to rivals, we can acquire raw materials at costs that are much lower	35	3.886	0.932	24.0
We are focused on decreasing costs related to administration	35	4.2	1.12	26.7
We invest mainly on delivery systems which are technology-based in order to reduce costs	35	3.8	1.067	28.1
We pursue services which are not of essence from providers outside the firm so as to reduce costs	35	3.971	0.985	24.8
To lower cost of materials, we use design of product that reduce cost	35	3.943	1.056	26.8
Composite		3.87	0.971	25.1

Source: Survey Data (2021)

Outcomes projected in Table 4.2 point to a compound average of 3.870 (SD=0.971), implying that a majority participants affirm highly to questions posed regarding operational efficiency, cost control as well as competitive pricing as elements of the strategy of cost leadership in the respective firms. A great majority of participants affirmed particularly that to a great notch, they vigorously follow practices that reduce cost (4.257); they are focused on decreasing costs related to administration (4.200); they persistently invest in programs aimed at cutting cost and improving internal process efficiency (4.086); they pursue services which are not of essence from providers outside the firm so as to reduce costs (4.086); to lower cost of materials, they use design of product that reduce cost (3.943); and they invest mainly on delivery systems which are technology-based in order to reduce costs (3.800).

4.6.2 Differentiation Strategy and Performance

An assessment was made in the study, on the linkage between differentiation strategy and performance of pharmaceutical industry's manufacturing firms in Nairobi Metropolitan Area. A computation of the measures of central tendencies and dispersions was done on the concept, on a 5-range Likert gauge, given: 1 = "No degree", 2 = "Low degree", 3 = "Moderate degree", 4 = "Great degree", 5 = "Very great degree". Table 4.3 projects the outcomes.

Table 4.3: Descriptive Statistics for Differentiation strategy

	N	Mean	Std. Dev	CV
We endeavour deliberately to realize differentiation of products	35	4.229	0.973	23.0
We consistently introduce products that are innovative	35	4.257	0.886	20.8
We introduce products that are new continuously	35	3.914	0.981	25.1
A recognition of a brand that is domineering has been crafted from goods offering	35	4.171	0.747	17.9
Our goods offering to clientele stands out from rivals	35	3.886	0.758	19.5
Services offered by the firm have improved on a continuous basis	35	4.429	0.558	12.6
We pursue loyalty by our customer to products that we offer	35	3.971	0.857	21.6
We give support services after sale	35	3.857	1.061	27.5
We invest in systems of delivery that are efficient	35	4.057	0.802	19.8
Composite		4.086	0.847	20.7

Source: Survey Data (2021)

Outcomes projected in Table 4.3 point to a compound average of 4.0865 (SD=0.847), implying that a majority participants affirm highly to questions posed regarding product/process innovation, brand loyalty and unique products as elements of the strategy of differentiation in respective firms. A great majority of participants affirmed particularly that to a great notch, services offered by the firm have improved on a continuous basis (4.429); consistently introduce products that are innovative (4.257); they endeavor deliberately to realize differentiation of products (4.229); A recognition of a brand that is domineering has been crafted from goods offering (4.171); they capitalize in systems of delivery that are efficient (4.057); they introduce products that are new continuously (3.914); and that their goods offering to clientele stands out from rivals (3.886).

4.6.3 Focus Strategy and Performance

A determination was made in the study, on the linkage between focus strategy and performance of pharmaceutical industry's manufacturing firms in Nairobi Metropolitan Area. A computation of the measures of central tendencies and dispersions was done on the

concept, on a 5-range Likert gauge, given: 1 = “No degree”, 2 = “Low degree”, 3 = “Moderate degree”, 4 = “Great degree”, 5 = “Very great degree”. Table 4.4 projects the outcomes.

Table 4.4: Descriptive Computations for Strategy of Focus

Focus Strategy	N	Mean	Std. Dev	CV
Relative to rivals, the range of the products we offer is narrow	35	3.4	0.775	22.8
We pursue a specific geographic market	35	3.171	0.857	27.0
We consistently pursue a niche segment of the market	35	3.714	0.789	21.2
We consistently pursue a given demography of the market	35	3.743	1.12	29.9
We continuously emphasize on product specialty marketing	35	3.914	0.658	16.8
The range of products we offer is customized to suit customer demand	35	4.086	0.818	20.0
To inform the differentiation of our service and products, the firm stresses on products that our rivals offer	35	4.029	0.822	20.4
To determine what services to offer, we conduct analysis of the market	35	4.029	0.985	24.4
We lay emphasis on markets which our rivals overlook	35	4.171	0.747	17.9
Composite		3.806	0.841	22.1

Source: Survey Data (2021)

Outcomes projected in Table 4.4 point to a compound average of 3.806 (SD=0.841), implying that a majority participants affirm highly to questions posed regarding niche marketing, product segment and geographical market as elements of the strategy of focus that the respective firms use. A great majority of participants affirmed particularly that to a great notch, they lay emphasis on markets which our rivals overlook (4.171); the range of products they offer is customized to suit customer demand (4.086); to inform the differentiation of their service and products, the firm stresses on products that their rivals offer (4.029); and that to determine what services to offer, they conduct analysis of the market (4.029).

4.6.4 Performance

The study ascertained how strategies that are competitive influence pharmaceuticals industry's manufacturing firms' performance in the Nairobi Metropolitan Area. A computation of the measures of central tendencies and dispersions was done on the concept, on a 5-range Likert gauge, given: 1 = "No degree", 2 = "Low degree", 3 = "Moderate degree", 4 = "Great degree", 5 = "Very great degree". Table 4.5 projects the outcomes.

Table 4.5: Descriptive Computations of Performance

	N	Mean	Std. Dev	CV
Over the past 5 years, the amount of our total sales has increased	35	3.771	0.91	24.1
Over the past 5 years, the amount of our net profit has increased	35	4.057	0.998	24.6
Over the past 5 years, the number of our staff has increased	35	4.057	0.802	19.8
Over the past 5 years, our asset value has increased	35	3.943	1.056	26.8
Over the past 5 years, our market proportion has increased	35	4.229	0.973	23.0
Over the past 5 years, our capacity of production has increased	35	4.257	0.886	20.8
Composite		4.052	0.938	23.1

Source: Survey Data (2021)

Outcomes projected in Table 4.5 point to a compound average of 4.052 (SD=0.938), implying that a majority participants affirm highly to questions posed regarding increased sales (3.771), growth of production capacity (4.257), growth of net profit (4.057), growth of market share (4.229), growth in assets' value (3.943) and growth in staff numbers (4.057).

4.7 Inferential Statistics

Both correlation and multiple regression analyses were conducted under inferential statistics. These were respectively used to showcase the connection between the factor and outcome concepts, and as such, test the hypotheses of the research. These were carried out

in the supposition that: there exists a distribution that is normal among concepts; a linear connection exists between factor and outcome concepts for accuracy of estimation.

4.7.1 Pearson Correlation

This research utilized Pearson correlation for approximation of the direction and magnitude of the connection between the factor and outcome concepts. While r ($r \pm 1$), which denotes the correlation value would showcase the correlation magnitude, Sig., which denotes the significance (p-value) would showcase the connection's significance. The outcomes are projected in Table 4.6.

Table 4.6: Pearson Correlation Matrix

		Performance	Cost Leadership	Differentiation Strategy	Focus Strategy
Performance	r	1			
	Sig.				
Cost Leadership	r	.763**	1		
	Sig.	.000			
Differentiation Strategy	r	.726**	.626**	1	
	Sig.	.000	.000		
Focus strategy	r	.771**	.727**	.693**	1
	Sig.	.000	.000	.000	

** . At 0.01 level, correlation is of significance (2-tailed).

As showcased in Table 4.6, Pearson correlation revealed linkages that are strong and positive between cost leadership and performance ($r = .763$; Sig. = .000); performance and differentiation strategy (.726; Sig. = .000); and performance and focus strategy ($r = .771$; Sig. = .000).

4.7.2 Regression Analysis

To indicate each factor concept's significance on its effect on the outcome concept, regression analysis was conducted maintain all other variables constant. For purposes of

hypothesis testing, the regression analysis the regression summary, ANOVA and regression coefficients. The hypothesis test results were deduced based on the statistical significance of the beta coefficients. Table 4.7 projects the outcomes.

Table 4.7: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.850 ^a	.722	.695	2.52206		
a. Predictors: (Constant), Differentiation strategy, Focus strategy, Cost leadership						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	511.501	3	170.500	26.805	.000 ^b
	Residual	197.184	31	6.361		
	Total	708.686	34			
a. Outcome Variable: Performance						
b. Predictors: (Constant), Differentiation strategy, Focus strategy, Cost leadership						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-9.241	4.518		-2.045	.049
	Cost leadership	.222	.089	.355	2.494	.018
	Differentiation strategy	.367	.174	.286	2.107	.043
	Focus strategy	.441	.215	.315	2.049	.049
a. Dependent Variable: Performance						

A 0.840 correlation value (R) was observed, showcasing a linear connection that is strong, among performance and the strategies cost leadership, differentiation and focus. A 0.722 R² value was also observed, indicating that differentiation, focus and cost leadership strategies account collectively, for 72.2% of performance variations, while the 27.8% balance is ascribed to factors that the present regression model did not study.

As Table 4.7 showcases, an ANOVA test was also advanced in the regression analysis. The test results therefore reveal that the regression model that portrays the connection among the strategies that are competitive and performance was significant (F = 26.805, p-value < 0.05). The results demonstrate further, that in relation to the overall sum of squares of 708.686, a 197.184 residual sum of squares was observed, meaning that out of the total variance in the

dataset, 27.8% is left unexplained, while a 511.501 regression sum of squares was observed, implying that the regression model account for about 72.2% of the dataset variability. Table 4.7 further showcases that focus strategy ($\beta = .315$, Sig.=.049<.05), differentiation strategy ($\beta = .286$, Sig.=.043<.05) and cost leadership ($\beta = .355$, Sig.=.018<.05) influence performance significantly at a confidence level of 95%.

4.8 Discussion of Results

This section places the preceding results within both empirical and theoretical contexts relevant to how strategies that are competitive affect performance in manufacturing firms in the pharmaceuticals industry. Discussions in relation to previous study findings and theoretical anchorage are hereby presented.

4.8.1 Linkage to Theory

Preceding results show that a connection that is of statistical significance exists between cost leadership and performance of manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area. This is of the implication that manufacturing firms in the pharmaceuticals industry which seek to attain performance that is superior in Nairobi Metropolitan Area, ought to adopt as a pertinent strategy that is competitive, cost leadership. In particular, these organizations have to endeavor to assume the role of industry cost leaders, marshalling their capabilities and internal resources to achieve low production costs. This is in line with Wernerfelt's (1984) RBV, which lays emphasis on a company's internal resources and capabilities, to realize the organization's value and attain performance that is superior. The results are also in conformance with DCT (Teece *et al.*, 1997) which regards capabilities that are dynamic as firm-level strategic processes that organizations use

to obtain new resource alignments in order to attain competitiveness advantage, as markets collide, evolve, split, die and emerge.

The study also found that a linkage exists, which is of significance in the statistical sense between strategy of differentiation and performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area. This is of the implication that manufacturing firms in the pharmaceuticals industry which seek to attain performance that is superior in Nairobi Metropolitan Area, ought to adopt as a pertinent strategy that is competitive, differentiation as a key competitive strategy. In particular, these organizations have to purpose to craft distinct goods relative to rivals. This is in tandem with the DCT (Teece *et al.* 1997), that advances that the capability of a firm to responsively and efficiently alter present operations and configure its capitals earns them competitiveness in a business environment that is highly volatile. RBV (Wernerfelt, 1984) similarly puts forth that a company is a greater resource variety and performance that is superior presupposes manipulation of extant capitals and the mobilization of additional ones.

It was further established that strategy of focus predicts performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area significantly. This is of the implication that manufacturing firms in the pharmaceuticals industry which seek to attain performance that is superior in Nairobi Metropolitan Area, ought to adopt as a pertinent strategy that is competitive, differentiation as a key competitive strategy. In particular, these organizations have to endeavor to marshal their capabilities and internal resources to offer a range of products and/or services customized to suit customers' demand. Accordingly, both DCT (Teece *et al.*, 1997) and RBV (Wernerfelt, 1984) emphasize on top executives'

strategic development aimed at concentrating their capabilities and resources to satisfy a niche while holding on to rare abilities to ensure performance that is superior.

4.8.2 Linkage to Empirical Literature

The findings significantly linked cost leadership to performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area ($\beta = .355$, Sig.=.018<.05). It is implied from the results, that cost leadership is employed by most manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area as a competitive strategy aimed at attaining performance that is superior. Cost leadership practices common among manufacturing firms in the pharmaceuticals industry include vigorously following practices that reduce cost; focusing on decreasing costs related to administration; persistently investing in programs aimed at cutting cost and improving internal process efficiency; and pursuing services which are not of essence from providers outside the firm so as to reduce costs.

This agrees with Banker *et al.* (2018) in the United States, who explored the connection between performance sustainability and strategic positioning by firms, and established that performance that is contemporaneous, is significantly and positively affect by cost leadership. The results are also consistent with Birjandi *et al.* (2019) who focused on the connection between cost leadership strategy and ROA and established a linkage that us positive between sales growth and cost leadership strategy. Sulemanu (2019) is also in agreement with these results, in their exploration of the linkage between performance of miners that are small-scale and cost leadership and found that those firms or miners who have concerted efforts and took up common management/leadership grew their production and market base.

The findings significantly linked differentiation strategy to performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area ($\beta = .286$, Sig.=.043<.05). It

is implied from the results, that differentiation strategy is employed by most manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area as a competitive strategy aimed at attaining performance that is superior. Differentiation practices common among manufacturing firms in the pharmaceuticals industry include ensuring services offered by the firm have improved on a continuous basis; consistently introduce products that are innovative; endeavouring deliberately to realize differentiation of products; creating a strong brand identification from products and services; investing in systems of delivery that are efficient; introducing products that are new continuously; and offering unique services to customers compared to rivals.

The results agree with Hsueh and Tu (2018) who report that both profits and sales growth were influenced positively by differentiation that is innovative. Similarly, Memili *et al.* (2020) determined that firms that offer similar products or services to existing offerings in the market resulted in sales growth that are of lower rates in comparison to those that offer incremental and major innovations. The results are in line further with Spencera (2019) who reports that organizations which take up a differentiation strategy (product flexibility or focus on customer service) use non-financial and financial measures performance. Diris *et al.* (2020) in Nigeria is further in agreement with these findings, in their evaluation that as an instrument of competitiveness, differentiation of products is positively and significantly impacted upon by manufacturing firms' performance.

The findings significantly linked focus strategy to performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area ($\beta = .286$, Sig.=.043<.05). It is implied from the results, that focus strategy is employed by most manufacturing firms in the pharmaceuticals industry in Nairobi Metropolitan Area as a competitive strategy aimed

at attaining performance that is superior. Focus strategies common among most manufacturing firms in the pharmaceuticals industry include laying emphasis on markets which our rivals overlook; customizing the range of products they offer to suit customer demand; following competitors' product/service offering to guide differentiation of services and products their firm; and conducting analysis of the market to determine what services to offer.

The results are in consistence with Islami et al. (2020) who demonstrate that focus strategy is positively and significantly connected to performance of firms. Similarly, Akintokunbo (2018) established an association that is positive and significant between market focus strategy and performance of firms in the telecommunication industry in Port Harcourt. The results are further in agreement with Wanjiku and Deya (2021), who established in their study, that microfinance institutions' performance in Kenya is linked significantly to strategy of focus.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study's overall aim was to assess how performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area is influenced by competitive strategies. A summary of results is thus presented in this chapter. The corresponding recommendations and conclusion are also presented in this chapter as informed by results from the study. As such, a linkage is made in this chapter, between the aims of the study, and the matching stated hypotheses and the results. Propositions for future research are then presented.

5.2 Summary of the Study

An examination was made in the study, on the linkage between cost leadership and performance of manufacturing firms in the pharmaceutical industry in Nairobi Metropolitan Area. Results revealed a compound average of 3.870 (SD=0.971), implying that a majority participants affirm highly to questions posed regarding operational efficiency, cost control as well as competitive pricing as elements of the strategy of cost leadership in the respective firms. A great majority of participants affirmed particularly that to a great notch, they vigorously follow practices that reduce cost (4.257); they are focused on decreasing costs related to administration (4.200); they persistently invest in programs aimed at cutting cost and improving internal process efficiency (4.086); they pursue services which are not of essence from providers outside the firm so as to reduce costs (4.086); to lower cost of materials, they use design of product that reduce cost (3.943); and they invest mainly on delivery systems which are technology-based in order to reduce costs (3.800).

An assessment was made in the study, on the linkage between differentiation strategy and performance of manufacturing firms in the pharmaceutical industry in Nairobi Metropolitan Area. Results revealed a compound average of 4.0865 (SD=0.847), implying that a majority participants affirm highly to questions posed regarding product/process innovation, brand loyalty and unique products as elements of the strategy of differentiation in respective firms. A great majority of participants affirmed particularly that to a great notch, services offered by the firm have improved on a continuous basis (4.429); consistently introduce products that are innovative (4.257); they endeavour deliberately to realize differentiation of products (4.229); a recognition of a brand that is domineering has been crafted from goods offering (4.171); they invest in systems of delivery that are efficient (4.057); they introduce products that are new continuously (3.914); and that their goods offering to clientele stands out from rivals (3.886).

A determination was made in the study, on the linkage between focus strategy and performance of manufacturing firms in the pharmaceutical industry in Nairobi Metropolitan Area. Results revealed a compound average of 3.806 (SD=0.841), implying that a majority participants affirm highly to questions posed regarding niche marketing, product segment and geographical market as elements of the strategy of focus that the respective firms use. A great majority of participants affirmed particularly that to a great notch, the lay emphasis on markets which our rivals overlook (4.171); the range of products they offer is customized to suit customer demand (4.086); to inform the differentiation of our service and products, the firm stresses on products that their rivals offer (4.029); and that to determine what services to offer, they conduct analysis of the market (4.029).

Results revealed a compound average of 4.052 (SD=0.938) in performance, implying that a majority participants affirm highly to questions posed regarding increased sales (3.771), growth of production capacity (4.257), growth of net profit (4.057), growth of market share (4.229), growth in assets' value (3.943) and growth in staff numbers (4.057).

From Pearson correlation, inferential results revealed linkages that are strong and positive between cost leadership and performance ($r = .763$; Sig. = .000); performance and differentiation strategy (.726; Sig. = .000); and performance and focus strategy ($r = .771$; Sig. = .000). It was also shown from regression analysis that performance is at 95% confidence level influenced significantly by focus strategy ($\beta = .315$, Sig.=.049<.05), strategy of differentiation ($\beta = .286$, Sig.=.043<.05) and cost leadership ($\beta = .355$, Sig.=.018<.05).

5.3 Conclusion of the Study

It is deduced that cost leadership has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. Among others, manufacturing firms in the pharmaceuticals industry benefit by adopting strategies of cost leadership, through production costs that are lower and a greater likelihood in turn, of higher profit margins, thereby attaining performance that is superior. Cost leadership practices common among manufacturing firms in the pharmaceuticals industry include vigorously following practices that reduce cost; focusing on decreasing costs related to administration; persistently investing in programs aimed at cutting cost and improving internal process efficiency; and pursuing services which are not of essence from providers outside the firm so as to reduce costs.

It is also concluded that differentiation strategy has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. Among others, manufacturing firms in the pharmaceuticals industry benefit by adopting differentiating strategies through standing out from rivals and earning competitiveness which results in superior performance from increased sales. Differentiation practices common among manufacturing firms in the pharmaceuticals industry include ensuring services offered by the firm have improved on a continuous basis; consistently introduce products that are innovative; endeavouring deliberately to realize differentiation of products; creating a strong brand identification from products and services; investing in systems of delivery that are efficient; introducing products that are new continuously; and offering unique services to customers compared to rivals.

Further, the study inferred that focus strategy has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. Among others, manufacturing firms in the pharmaceuticals industry benefit by adopting focus strategy, by narrowing down their operational, marketing and/or production practices towards a niche area that is singled-out with a view to take advantage of a hitherto overlooked aspects for superior performance. Focus strategies common among most manufacturing firms in the pharmaceuticals industry include laying emphasis on markets which our rivals overlook; customizing the range of products they offer to suit customer demand; following competitors' product/service offering to guide differentiation of services and products their firm; and conducting analysis of the market to determine what services to offer.

5.4 Implication of the Study

A number of implications are hereby drawn from the results of the study and their respective conclusions, relevant to the effect of strategies that are competitive among Performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area. This section thus presents the study findings' implications to theory, industry, policy and practice.

5.4.1 Implication to Theory

It is revealed from the results of the study that a connection that is of statistical significance exists between cost leadership and performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area. Also established, was that a connection that is of statistical significance exists between strategy of differentiation and performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area. Further, the study established that a connection that is of statistical significance exists between focus strategy and performance of pharmaceuticals industry's manufacturing firms in Nairobi Metropolitan Area. The results imply that manufacturing firms in the pharmaceuticals industry that seek to attain performance that is superior in Nairobi Metropolitan Area, ought to marshal their capabilities and internal resources with a view to realize focus, differentiation and cost leadership, and achieve superior performance.

The results are in conformity with DCT's postulations as put forth by Teece *et al.* (1997), and RBV's assertions by Wernerfelt (1984), that among firms, performance differences come to bear when firms that are successful possess resources that are valuable and that rivaling companies do not have, allowing them to obtain profitability in its domineering position. The results are further in conformity with Fiedler's (1964) contingency theory, which postulates that performance that is superior is achieved in a variety of manners and

results from a fit between organizational and environmental factors. Thus, by realizing cost leadership by way of production cost that is low, distinguishing their services and products and channeling their marketing, operational and production activities towards a given niche area, manufacturing firms in the pharmaceuticals industry are guaranteed of performance that is superior.

5.4.2 Implication to Practice and Industry

It was revealed that cost leadership has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. The study thus recommends that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, cost leadership. In particular, the study recommends such practices of cost leadership as vigorously following practices that reduce cost; focusing on decreasing costs related to administration; persistently investing in programs aimed at cutting cost and improving internal process efficiency; and pursuing services which are not of essence from providers outside the firm so as to reduce costs.

The study also found that differentiation strategy has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. The study thus recommends that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, differentiation. In particular, the study recommends such practices of differentiation as ensuring services offered by the firm have improved on a continuous basis; consistently introduce products that are innovative; endeavouring deliberately to realize differentiation of products; creating a strong brand identification from

products and services; investing in systems of delivery that are efficient; introducing products that are new continuously; and offering unique services to customers compared to rivals.

The study also found that focus strategy has an effect which is significant and positive on performance of pharmaceuticals industry's manufacturing firms in the Nairobi Metropolitan Area. The study thus recommends that manufacturing firms in the pharmaceuticals industry that seek to achieve performance that is superior ought to adopt as a strategy that is competitive, focus. In particular, the study recommends such practices of focus strategies as laying emphasis on markets which our rivals overlook; customizing the range of products they offer to suit customer demand; following competitors' product/service offering to guide differentiation of services and products their firm; and conducting analysis of the market to determine what services to offer.

5.4.3 Implication to Policy

As an aspect of the Big Four agenda put forth in the year 2017 by the Office of the President, manufacturing firms in Kenya are regarded as a critical component of an economic progression that is vivacious. Performance by manufacturing firms in the pharmaceuticals industry is particularly important to the country's socio-economic progression, as it has ramifications not only through generating foreign exchange by attracting foreign direct investment, job creation and contribution to GDP, but by also in radiating the disease burden of the country through availing drugs that are curative for a workforce that is healthy.

It is also reported in this research that is focus strategy, differentiation and cost-leadership significantly influence performance of pharmaceuticals industry's manufacturing firms in

Nairobi Metropolitan Area. This is of the implication that manufacturing firms in the pharmaceuticals industry that seek to record performance is superior in Nairobi Metropolitan Area, ought to marshal their capabilities and internal resources with a view to realize focus, differentiation and cost leadership, and achieve superior performance. The study findings thus equip policy formulators with empirical knowledge with which to develop policy specifically in relation to manufacturing firms in the pharmaceutical industry. Through passing informed policies and laws, pharmaceuticals manufacturing industry in the country will be enabled to realize performance that is desirable through focus, differentiation and cost leadership. By so doing, the country may profit from socio-economic progression and a healthy citizenry.

5.5 Limitations of the Study

It was ascertained in this study how strategies that are competitive influence pharmaceuticals industry's manufacturing firms' performance in the Nairobi Metropolitan Area. Whereas this objective, was sufficiently achieved in the study, various limitations were provoked. Key among these include generalization of the results to all firms in Kenya, beyond the pharmaceuticals industry scope. This owes to the realization that various firms may be subject to peculiar factors to their respective sectors that were not studied in this research. In order to counter this limitation, generalization was in this study confined to the pharmaceuticals sector.

Further, questionnaire returning and filling was hinged on the study participants' availability of time, and willingness, subjecting the study to a low return rate. To counter this limitation, the "drop and pick" approach was adopted, whereby the questionnaires were administered to the participants who were then allowed sufficient time to provide responses after which the

researcher was informed when ready for collection. In spite of these limitations, the study did not compromise the quality of the study.

5.6 Areas Suggested for Future Research

Based on the foregoing limitations, particularly in respect to findings generalization, the study recommends that studies in future assess how strategies that are competitive influence performance with a focus on other industries so as to note any differences or similarities with this study. Quantitative approaches were further adopted in this study, in terms of analysis, sampling and data collection. While these techniques strongly assisted in achieving the study objectives, a number of qualitative concepts and associations key to a deeper comprehension of the hypothesized connections were not observed in the study. Therefore, future studies may employ mixed approaches through employing both qualitative and quantitative methods and methodologies for richer insights and analyses as well as to further strengthen and validate the extant study findings.

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APPENDICES

Appendix I: Introductory Letter

To: The Head of the Facility

Dear Sir/Madam,

**RE: EFFECT OF COMPETITIVE STRATEGIES ON KENYA'S
MANUFACTURING FIRMS IN THE PHARMACEUTICALS INDUSTRY'
PERFORMANCE**

As the subject above refers, I am a University of Nairobi pursuing a Master of Business Administration (MBA) degree in Strategic Management. To be awarded this degree, I am required to conduct research referred to, in the above subject.

To complete this course, I seek your nod to obtain some information from this firm. Hereto attached, is the Questionnaire for you to give feedback to. If possible, please give your response to each question.

The results of this research are meant for purposes of the conferment of the degree and your information will be privately treated. There will be no express reference to your firm and only results' summary will be published.

I remain grateful, and I anticipate your utmost support.

Yours faithfully,

Maryann Kanyingi

Mobile: +254 720 284 666

Appendix II: Research Questionnaire

Part A: Demographic Information

1. For how long in years has your firm been in operation? (Tick (√) one that applies)

Less than 5 [] 5-10 [] 11-15 [] 15-20 [] Over 20 []

2. For how long in years have you worked in this firm? (Tick (√) one that applies)

Less than 5 [] 5-10 [] 11-15 [] 15-20 [] Over 20 []

Part B: Cost Leadership Strategy

Please indicate your level of agreement with the statements in relation to cost leadership strategy in your firm, using the scale: Using a scale of 1 to 5, given: 1 = “No degree”, 2 = “Low degree”, 3 = “Moderate degree”, 4 = “Great degree”, 5 = “Very great degree”.

Cost Leadership Strategy	1	2	3	4	5
The prices that we charge are lower compared to our rivals					
We engage suppliers who are discount providers					
Through utilizing automation, we consistently reduce input in terms of labour					
We allocate a lot of capital in promotion of sales					
We persistently invest in programs aimed at cutting cost and improving internal process efficiency					
We vigorously follow practices that reduce cost					
In comparison to rivals, we can acquire raw materials at costs that are much lower					
We are focused on decreasing costs related to administration					
We invest mainly on delivery systems which are technology-based in order to reduce costs					
We pursue services which are not of essence from providers outside the firm so as to reduce costs					
To lower cost of materials, we use design of product that reduce cost					

Part C: Differentiation Strategy

Please indicate your level of agreement with the statements in relation to differentiation strategy in your firm, using the scale: Using a scale of 1 to 5, given: 1 = “No degree”, 2 = “Low degree”, 3 = “Moderate degree”, 4 = “Great degree”, 5 = “Very great degree”.

Differentiation Strategy	1	2	3	4	5
We endeavour deliberately to realize differentiation of products					
We consistently introduce products that are innovative					
We introduce products that are new continuously					
A recognition of a brand that is domineering has been crafted from goods offering					
Unique services are offered by the firm to customers in comparison to our rivals					
Services offered by the firm have improved on a continuous basis					
We pursue loyalty by our customer to products that we offer					
We give support services after sale					
We invest in systems of delivery that are efficient					

Part D: Focus Strategy

Please indicate your level of agreement with the statements in relation to focus strategy in your firm, using the scale: Using a scale of 1 to 5, given: 1 = “No degree”, 2 = “Low degree”, 3 = “Moderate degree”, 4 = “Great degree”, 5 = “Very great degree”.

Focus Strategy	1	2	3	4	5
Relative to rivals, the range of the products we offer is narrow					
We pursue a specific geographic market					
We consistently pursue a niche segment of the market					
We consistently pursue a given demography of the market					
We continuously emphasize on product specialty marketing					
The range of products we offer is customized to suit customer demand					
To inform the differentiation of our service and products, the firm stresses on products that our rivals offer					
The firm carries out market analysis to determine the services to offer					
We lay emphasis on markets which our rivals overlook					

Part E: Performance

To what extent have the following performance measures in you firm improved over the past 5 years? Use the gauge: 1= “No Extent”; 2 = “Little Extent”; 3 = “Moderate Extent”; 4 = “Great Extent”; 5 = “Very Great Extent”.

	1	2	3	4	5
Over the past 5 years, the amount of our total sales has increased					
Over the past 5 years, the amount of our net profit has increased					
Over the past 5 years, the number of our staff has increased					
Over the past 5 years, our asset value has increased					
Over the past 5 years, our market proportion has increased					
Over the past 5 years, our capacity of production has increased					

Appendix III: Pharmaceutical Manufacturing Firms in Kenya

1. Glaxosmithkline Ltd	Nairobi
2. Laborate Pharmaceuticals	Nairobi
3. Bayer East Africa Limited	Nairobi
4. Beta Healthcare (Shelys Pharm.)	Nairobi
5. Cosmos Limited	Nairobi
6. Dawa Pharmaceuticals	Nairobi
7. Didy Pharmaceuticals	Nairobi
8. Diversey Lever Ltd	Nairobi
9. Eli-Lilly Sa	Nairobi
10. Elys Chemical Industries Ltd	Nairobi
11. Glaxosmithkline Ltd	Nairobi
12. High Chem East Africa Ltd	Nairobi
13. Iveeaquaepz Ltd	Athi River
14. Mac's Pharmaceuticals	Nairobi
15. Manhar Brothers Ltd	Nairobi
16. Novartis Rhone Poulenc Ltd	Nairobi
17. Novelty Manufacturers Ltd	Nairobi
18. Pfizer Corporation Agency	Nairobi
19. Pharmaceutical Manufacturing Co(K) Ltd	Nairobi
20. Pharmaceutical Products Ltd	Nairobi
21. Philips Pharmaceuticals Ltd	Nairobi
22. Regal Pharmaceuticals Ltd	Nairobi
23. Unversal Pharmaceutical Ltd	Nairobi
24. Pharmaken Ltd	Nairobi
25. Merck Sharp & Dome	Nairobi
26. Simba Pharmaceuticals	Nairobi
27. Servier International	Nairobi
28. Norbrook Kenya Ltd	Nairobi
29. Dafra Pharm	Nairobi
30. Glenmark Pharmaceuticals Ltd	Nairobi
31. Sai Pharmaceuticals Kenya Limited	Nairobi
32. Transwide Pharmaceuticals Limited	Nairobi
33. Dinlas Pharma EPZ Limited	Nairobi
34. Knight Pharmaceuticals Ltd	Nairobi
35. United Pharma Limited	Nairobi

Source: (KIA, 2020)

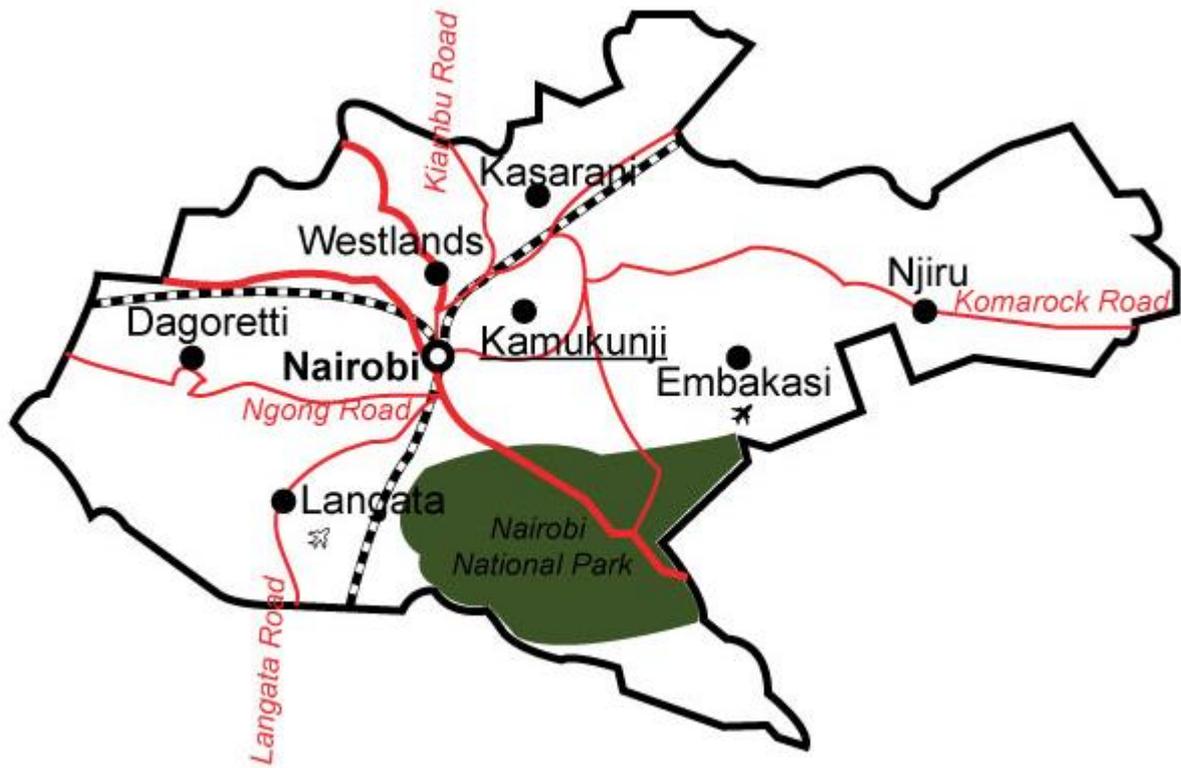
Appendix IV: Work Plan

Step	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021
Concept Paper					
Draft Research Proposal					
Final Proposal					
Data Collection					
Draft Thesis					
Complete Thesis					

Appendix V: Financial Budget

Item	Amount
Typing, editing and printing	10,000
Data collection	10,000
Transport	15,000
Training enumerators/data collection	25,000
Stationery, photocopies and binding	20,000
Miscellaneous	20,000
TOTAL	100,000

Appendix VI: Map of Nairobi City County



Appendix VIII: Turnitin Report



1ST DECEMBER 2021

EFFECT OF COMPETITIVE STRATEGIES ON PERFORMANCE OF PHARMACEUTICAL MANUFACTURING COMPANIES IN NAIROBI METROPOLITAN AREA

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