

**PERCEPTIONS OF PHARMACEUTICAL PRODUCERS AND END
USERS TOWARDS THE ROLE PLAYED BY PHARMACEUTICAL
DISTRIBUTORS USING THE VALUE CHAIN CONCEPT IN KENYA**

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ABSTRACT

As organizations streamline their production and internal processes, the next opportunity for improvement is through better coordination and networking with their suppliers and customers through the supply chain. Much of the cost and value creation occur in the supply and distribution chain. The purpose of value chain is to attain full and seamless interaction among stakeholders to create a win- win situation for all. Identification and analysis of cost of activities and the roles played in business processes from production to sales has great potential in unlocking value.

This study focuses on the supply and distribution of pharmaceutical products in Kenya. The research work was to investigate the pharmaceutical producers' and end users' perception towards the role and value contributed by distributors in the provision of medical supplies in Kenya using the Value Chain Concept.

Players in the medical supply chain in Kenya are spread all over the country. The population consisted of two groups; the producers and end users each relatively homogeneous. A representative sample from each stratum of the population was used. To ensure adequate representation, stratified probability sampling method was used in selecting the sampling units from each of the sampling frame. The sample size took account of the dispersion of the population, the desired level of accuracy and interval range. A structured questionnaire was used to collect primary data. Secondary data was obtained from the company's management information system and printed records. Analysis of the data was done by the use of SPSS software and Microsoft Excel spreadsheet.

One of the key findings from the study was that 76% of the producers channeled up to one half of their business through the distributors while 24% relied on distributors to sell more than half of the products manufactured or imported. It also emerged that half of the users sourced more than one half of their stocks from distributors. This finding indicates heavy reliance on the distributor to put through products in the supply chain.

The study also found out that both producers and users were most satisfied, mean 3.80 and 3.45 respectively on a scale of 1-5, with the distributors' ability to promptly deliver products upon order placements. The producers were least satisfied (mean 2.17) with the amount of discounts and commissions demanded by the distributors.

It was also found out that users were least satisfied (mean 2.93) with distributors' lack of value adding services such as product information/support and marketing. Further, ownership of products remained with the producers until they were sold. Thus any losses resulting from expired or unsold products were fully incurred by producers.

The study recommended that their operations especially with producers be guided by professionally done contracts to rule out exploitation and intimidation. It was also recommended that the government gives more incentives to local manufacturers as boost to local production of pharmaceutical products.