STRATEGIC MANAGEMENT PRACTICES OF PHARMACEUTICAL IMPORTERS AND DISTRIBUTORS IN KENYA

OGOLLAH KENNEDY O.

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DECLARATION

I declare that this is my original work and to the best of my knowledge has not been submitted for examination to any other university.

Signed ....

OGOLLAH KENNEDY O.

Date 06/11/2007

The project has been submitted for examination with my approval as the university supervisor.

Signed ....

PROF. EVANS AOSA

Date 9/11/2007

DEDICATION

For the late J. X. Ogolla – my father,

The man who made me realize the importance and beauty of hard work and good education

For your great source of a great sense of purpose

For your inspiration and unending strength that you passed on to me

Which strength and determination, will not tire or despair.

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Finally, I must thank my wife Sanda and my children Joy and Wanda who accepted the long periods I had to keep to myself and my 'absent mindedness' during the little time we spent together as I got tied to completing the programme.

ABSTRACT

The study investigated the strategic management practices of pharmaceutical importers and distributors in Kenya. The study set the following singular objective, to establish the strategic management practices being undertaken by the pharmaceutical importers and distributors in Kenya and point out the challenges facing this sector.

The study used a cross – sectional survey design in executing this study. A sample size of 60 pharmaceutical firms that are registered as importers and distributors was used. A structured questionnaire was used to collect data for analysis.

The study findings showed that; most firms had a vision, a mission statement and set objectives which were either written or implied and these governed the day to day business operations of these firms. There were three categories of objectives i.e. sales objectives which aimed at making the firm to be the regional/leading distributor of pharmaceutical products, brand objectives aimed at maintaining the quality of the product and also production of other new products of different molecules and. those aimed at the growth of the firm like market expansion and segmentation to other regions or countries and the acquisition of more/new agencies.

Most firms had strategies for operation which included growth, diversification and defensive strategies. The strategic planning process in most companies was characterized by having clearly assigned responsibility for planning, timetables for preparation of plans formal and informal planning processes and also the existence of a planning department in the firm. However strategic management systems were noted to vary widely among companies.

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CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND

1.1.1 Strategic Management

Due to the complexity and sophistication of business decisions making, more and more organizations have found it necessary in recent years to engage in strategic management practices in order to achieve their corporate goals. Indeed strategic management is the art and science of formulating, implementing and evaluating cross functional decisions that enable an organization to achieve its goals (Johnson & Scholes 2002).

Dess et all (2005) argue that throughout the entire process of strategic management, quality controls are interwoven to catch mistakes as close to the point of the introduction as possible, and procedural steps are undertaken to maximize organizational inputs and participation. Strategic management process involves understanding the strategic position of an organization, making strategic choices for the future and turning strategy into action. It also involves development and implementation of strategy to achieve future objectives and introducing change to achieve improvement in organizational preference.

Strategic management is important because it enables organizations to deal effectively with all that affects the ability of the organization to grow profitability. It also facilitates improved financial performance. By emphasizing interaction by managers at all levels of the organizational hierarchy in planning and implementation, strategic management practices also help improve the general welfare of the organization (Pearce & Robinson, 1997).

Pearce & Robinson (1997) argue that in using the strategic management approach, managers at all levels of the firms interact in planning and implementation. The behavioural results are similar to those of participative decision- making. Also that strategy formulation activity enhances the firm's ability to prevent problems, including subordinate in planning makes implementation easier. Group based strategic decisions are likely to be drawn from the best available alternatives which results in better decision because group interaction generates a greater variety of strategies. The involvement of employees in strategy formulation improves their understanding of the productivity - reward relationship and heightens their motivation. Gaps and overlaps in activities among individuals and group are reduced as participation in strategy formulation clarifies differences in rates. Resistance to change is minimized.

According to Disbury (1996) Strategic management is a technique you can use to create a favorable future and help your organization to prosper. To create this favorable future, you must involve your organization's stakeholders in envisioning the most desirable future and then in working together to make this vision a reality. The key to strategic management is to understand that people communicating and working together will create this future, not some words written down on paper. Strategic management does not replace traditional management activities such as budgeting, planning, monitoring, marketing, reporting, and controlling. Rather, it integrates them into a broader context, taking into account the external environment, internal organizational capabilities, and your organization's overall purpose and direction.

Strategic management is congruent with the quality movement's emphasis on continuous improvement. Each organization's experience with strategic management is unique, reflecting the organization's distinct culture, environment, resources, structure, management style, and other organizational features. Pearce and Robinson (1998) thus defined strategic management as the set of decisions and actions that result in formulation and implementation of plans designed to achieve company's objectives .It involves planning, directing, organizing and controlling of company's strategy related decisions and actions.

The role of Chief executive officers becomes quite important in strategic management as the CEO of a strategically managed organization must be able to imbue the organization with a strategic vision so that the organization's members are able to think big and act big. The chief executive must be able to deal with uncertainty of contemporary events and turn these events to the organization's advantage. Strategic management practices therefore enables managers to be superb at continually adjusting competitive strategy, organizational structures, and modus Operandi as the marketplace demands (Aosa, 1992).

1.1.2 Why Strategic Management?

Strategic management is important because not only will it create plans attuned to assumptions about the future, but also focuses on using these plans as a blueprint for daily activities. By developing a company vision and mission that the stakeholders feel they have been involved in developing the realization of the desired future is then easily realized. Strategic planning marks transition from operational planning and allows for sensitivity to the volatility in the external environment. This gives focus beyond forecasting population shifts and concentrates on understanding changing stakeholder needs, technological developments, competitive position, and competitor initiatives. Decisions are then attuned to the external world. This allows for programmed activities calculated at achieving a set of goals in a dynamic, competitive environment (Wilson 1994).

Strategic management is concerned with complexity arising out of ambiguous and non-routine situations in an organization. Strategic Management as a process consists of different phases which are strategic formulation, implementation and strategic evaluation and controls (Johnson & Scholes, 1999). Strategic management is a process that affects the whole organization. It outlines the way in which objectives are determined and strategic decisions are made (Drucker, 1974).

Strategic management is the principle factor in a firm's external environment that strategic managers must assess so that they can anticipate and take advantage of future business conditions. The process starts with strategic formulation, a process that begins with definition of the company mission. The purpose of the business is defined to reflect the values of wide variety of interested parties. Social responsibility is discussed as critical consideration for company's strategic decision makers since the mission statement must express how the company intends to contribute to the societies that sustain it (Pearce II, 1992)

David and King (1978) argue that it emphasizes the importance to a firms planning activities - the factors in the firms remote , industry and operating environment : A key theme is the problems of deciding whether to accept environmental constrains or to manage over and around them. Managers should evaluate their company's strengths and weaknesses to produce an internal analysis. Managers use such profile to target competitive advantage they can emphasize and competitive disadvantages they should correct or minimize.

There is need to examine the types of long range objectives. Strategic managers set and specifies the qualities those objectives must have to provide a basis for direction and evaluation. This calls for examination of both the generic and grand strategies that the firm uses to achieve long range objectives. Comprehensive approaches to the evaluation of strategic opportunities and the final strategic decisions are the focus. They should show how a firm's strategic options can be compared in a way that allows selection of the best available option. Managers can build value in both business companies through strategic analysis and choice.

Pearce and Robinson (1997) reinforce this argument by stating that in using the strategic management approach; managers at all levels of the firm interact in planning and implementing. The behavioural consequences of strategic management are similar to those of participative decision-making. Therefore, an accurate assessment of the impact of strategy formulation on organizational performance requires not only financial evaluation criteria but also non financial evaluation criteria – measures of behaviour-based effects. In fact, promoting positive behavioural consequences also enables the firm to achieve its financial goals. However, regardless of the profitability of strategic plans, several behavioural effects of strategic management improve the firm's welfare:

Firstly, strategic formulation activities enhance the firm's ability to prevent problems. Managers who encourage subordinates' attention to planning are aided in their monitoring and forecasting responsibilities by subordinates who are aware of the needs of strategic planning.

Secondly, group-based strategic decisions are likely to be drawn from the best available alternatives. The strategic management process results in better decisions because group's interaction generates a greater variety of strategies and because forecasts based on the specialized perspectives of group members improve the screening of options.

Lastly, the involvement of employees in strategy formulation improves their understanding of the productivity – reward relationship in every strategic plan and, thus heightens their motivation.

Gaps and overlaps in activities among individuals and groups are reduced as participation in strategy formulation clarifies differences in roles. Resistance to change is reduced also.

1.1.3 Pharmaceutical Industry in Kenya

A pharmaceutical company can be defined as that which is involved in the research, manufacturing and/or distribution of drugs. Drugs are products which are claimed to be useful for any of the following purposes: In treating, preventing or alleviating symptoms of a disease. Secondly in diagnosing disease or ascertaining the existence, degree or extent of a physiological condition and lastly in otherwise preventing or interfering with the normal operation of a physiological function whether permanently or temporarily and whether by terminating, reducing, posting or increasing or accelerating the operation of that function in human beings and animals.

Unlike other commodities the distribution of drugs is highly regulated and they have been categorized into three distinct broad product segments. First are the Over the Counter drugs (OTC), which are found in the shops, supermarkets, pharmacies and kiosks. The second segment are the Pharmacy only drugs (Ethical Drugs), found in the pharmacies and dispensed with professional advice and the third segment are the Prescription only drugs, found in pharmacies and can only be issued upon production of a duly doctor signed prescription. (Source: Pharmacy and Poisons Board-MOH)

Pharmaceutical companies are generally characterized by two distinct features from the other companies namely, large investment in Research and Development (R&D) and substantial expenditures devoted to promoting the diffusion of the new products ethics withstanding. The pharmaceutical market is also characterized by considerable complexity. Part of the complexity is intrinsic in this industry, relating to the large number of similar products that are available but are differentiated by brand names. There are over 100,000 brand names in the world (Chetley 1993).

It has become the accepted view that, for society at large, the magnitude, speed unpredictability and impact of change are today greater than before. The pharmaceutical industry like all others has not been spared tremendous changes too over the years. Increased competitions, expanded drugs options, enhanced assessments and evaluations of drugs safety (e.g. in 2005 the cardiac side effects of the cox-2 inhibitors like Rofecoxib (VIOXX), Valdecoxib (BIAXIN) leading to its global withdrawal) have all created a situation of narrow margins. This has led to some companies pooling their resources either through acquisition and mergers or strategic alliances.

Some major cases in the last 10 years illustrating the above trends include Ciba-Geigy merging with Sandoz to form Norvatis (1996). Hoechst merging with Marion Russell to form Hoechst Marion Russell while Rorer merging with Rhone Poulenc to form Rhone Poulenc Rorer (1990). The two later merged in 1998 to form Aventis, which has been acquired by Sanofi-Synthelabo to form Sanofi-Aventis. Another example is Glaxo merging with Wellcome Laboratories to form GlaxoWellcome. Later GlaxoWellcome merged Smith Kline

Beechams to form Glaxo Smith Kline in 2002.Infact Smith Kline itself was formed as a result of a merger between Smith Kline and French and Beecham both UK based companies. However even with all the constraints and emerging threats, the pharmaceutical industry compared to other industries has remained the most lucrative with highest return on Assets (ROA) and with a global turn over of USD 430 Billion by end of 2003.

In Kenya from one to two individual entrepreneurs manufacturing units before independence there were 30 pharmaceutical manufacturing companies, few of which were multinationals after independence. The period after independence led to a rapid expansion of healthcare and related activities as the government pledged free healthcare to all Kenyans. In the 70's the government alone was purchasing 70% of the country total consumption of pharmaceuticals. Owing to the increased and secure demand by the government, the local pharmaceutical industry which was small and largely confined to traders of imported branded drugs before independence had a boom from the late 1960's till late 1980's (Odhiambo 1999).

However, in the mid 80's, the Kenyan government followed the policy of liberalization as a measure of economic reform, the market started transforming. With the relaxation in Government controls and restriction like, removal of foreign exchange allocation license (FEAL) and liberal import of foreign technology, a new phase emerged for the industry.
The local manufacturing pharmaceutical companies started facing many constraints like foreign exchange controls, taxation on raw materials, machinery & packaging materials, slow and cumbersome payment procedures for local purchases, borrowing at abnormal market interest rates, and external sources of funds had attached donors' conditionality. Imported pharmaceuticals became cheaper as no duty is chargeable on item (Mwangi 2003)

The post liberalization period thus saw the rapid growth of trading sector in the pharmaceutical industry. Many multinational either directly or through local trade partners started operations in Kenya. Today, over 1500 pharmaceutical companies are selling their products in Kenya. With this kind of numbers mainly from countries with low manufacturing costs like, India, China, Egypt, Pakistan and even Europe there has been a resultant increased influx of low priced generics into the market (Source: Pharmacy and Poisons Board – MOH). According to the Government of Kenya (1994) owing to acute need for good and cheaper medicines coupled with factors like free market economies and economic liberalization during 1980s the pharmaceutical products and services began to grow faster than demand leading to a hyper competition scenario. We are in a situation where on one hand we have excess of some drugs available under different brand names and on the other hand, a shortage of direly needed affordable drugs like for diseases like TB, malaria and typhoid, HIV/ AIDS etc. The increased demands placed on the industry coupled with the effects of liberalization have thus led to an increase in the number of products and firms in the local industry.

This has led to intense competition, price undercutting and even malpractices as per the Kenya National drugs policy (KNP) formulated in 1993 and formally adopted towards the end of 1994. To curb this and increase profitability, most multinationals entered into franchise agreements with local traders to undertake the logistics pressures of distribution, importation, registration and marketing function. This way they cut down on operating expenses associated with maintaining offices and management teams.

As a result of the above developments in Kenya, the pharmaceutical industry is specifically regulated in accordance with Cap 244 (Pharmacy and Poisons act), laws of Kenya.

Accordingly a regulatory agency Pharmacy and Poisons board (PPB) was established under the Ministry of Health and they were mandated to regulate – importation, manufacture, marketing, stocking and distribution of pharmaceutical products in Kenya. Consequently all wholesalers, retailers, importers and distributors in the pharmaceutical industry have to be registered by Pharmacy and Poisons Board under section 27 of the Pharmacy and Poisons act. Several views have been highlighted as to the classification of the pharmaceutical industry in Kenya and they include the following:

Mbau (2000) who indicated that pharmaceutical firms in Kenya operate under three different forms namely; Manufacturers accounting for 31.8 % of the industry, distributors accounting for 59.1 % of the industry and those who combine both accounting for 9.1 %of the industry. Vinayak (2001) who categorized the pharmaceutical business in Kenya as one manufacturing companies, which he defines as those importing raw materials, and manufacturing finished products, which they sell and market in Kenya and neighbouring countries. Majority of them are local firms, though few are subsidiaries of multinationals. Two multinationals described as companies importing finished research based pharmaceutical products into the country. Some of them undertake all marketing functions by themselves, like product pricing, promotion and distribution, while others have left some aspects of these functions, such as distribution to local agents. Three Kenyan agents are defined as local firms importing and marketing finished pharmaceutical products through contractual arrangements with foreign manufacturers whereas Local traders are local firms engaged only in distribution and trading of pharmaceutical products and include the pharmacies/chemists and wholesalers.

It is however important to point out that today the multinational companies category recognized above have all migrated to Kenyan agents due to increased competition, pressure to lower prices leading to cost reduction by closure of scientific office and lower profitability due to government policy of procurement of most drugs based on competitive bidding, furthered by patent protection lapse on most drugs. For these reasons the Kenyan agents who are primarily importers and distributors now play a very important role in the operations of the pharmaceutical industry.

Given the many companies that the local trade agents have to deal with since most have an average of 5 agencies they represent, and the given the numbers of products registered daily, along with increased and expanding work force, one would expect that the management of the pharmaceutical importers and distributors would turn to strategic management practices as a way of continuously monitoring their organizations definition of business and as a means of ensuring that they do not become obsolete or falter.

1.2 STATEMENT OF THE PROBLEM.

Ansoff and McDonnell (1990) indicated that to deal effectively with the changes in the external environment firms need to design strategic management processes, which they feel, will facilitate the optimal positioning of the firm in its competitive environment. Essentially, it means taking critical evaluations of up-to-date techniques of strategic analysis, procedures for tailoring the techniques of the needs of their firms and series of step-by-step problem solving procedures.

The Kenyan pharmaceutical industry having generally undergone lots of transformation in the last two decades due to the liberalization policy of the Government in the mid 80's, has found itself in a situation of rapid growth of the trading sector in the industry with many multinational drug companies opting to either directly or indirectly enlist services of local trade partners as importers and distributors of their products. As a result of this approach of using local trade partners, there has been a resultant upsurge in numbers of this parties and this has led to 'near' chaotic environment for the industry as of today.

Whereas Strategic management practices has widely been researched by many scholars in Kenya (Njanja 2002, Bukusi 2003, Wahome 2003) no emphasis has been laid on use of strategic management practices in pharmaceutical industry on competitive priorities at all. Studies available in the Kenya pharmaceutical industry but not limited to these include on marketing competitiveness: Vinayak (2001), Strategic marketing of pharmaceutical products in Kenya, Gitobu (2004), Determinants of distribution intensity among firms in the Kenyan pharmaceutical industry. Studies on relationship competitiveness: Obado (1991), The influence of perceived organizational climate on Kenya's pharmaceutical sales force motivation. Mwangi (2003), Strategy and structure relationship in locally owned pharmaceutical manufacturing and multinational pharmaceutical companies in Kenya.

Given that their are tight ethical requirements that must be met in the pharmaceutical industry, and that action has to be taken to avoid the degeneration of the industry in Kenya into a 'hawker like' industry, this research study therefore seeks to establish answers to the question: To what extent has the pharmaceutical importers and distributors in Kenya embraced strategic management practices?

1.3 RESEARCH OBJECTIVE

The objective of the study is to establish the strategic management practices being undertaken by the pharmaceutical importers and distributors in Kenya.

1.4 SIGNIFICANCE OF THE STUDY

The study will influence several stakeholders to the industry namely;

First help the Government with policy formulations related to the pharmaceutical industry and development of a regulation framework, secondly provide and equip business managers with timely management processes and enhance them greater access of the shrinking play field and finally provide scholars with research findings into all factors that could influence sector and also showcase levels of strategic management practices in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPT OF STRATEGY

It is commonly believed that the concept of strategy has been passed down to us from the ancient Greeks. Bracker (1980:219) argued the word strategy comes from the Greek "*stratego*" meaning 'to plan the destruction of one's enemies through the effective use of resources'. The concept remained a military one until the 19^{th} century when it began to be applied to the business world, though most writers believe the actual process by which this took place is untraceable (Bracker, 1980; Chandler, 1962).

In the past 40 years, the concept of strategy has penetrated the business segments and has been accepted as a management tool for achieving strategic targets. Several scholars through this time have therefore tried to define the concept of strategy. Chandler (1962) emphasized the determination of basic long term goals and objectives, the adoption of courses of action to achieve them, and the allocation of resources as being central to the concept of strategy. Ansoff (1965) defined strategy as a set of decision-making rules for guidance of organizational behaviour. This meant that strategy constitutes the framework within which decisions are made and actions taken.

Schendel and Hofer (1979), say the purpose of strategy is to provide directional cues to the organization that enable it to achieve its objectives while responding to the opportunities and threats in the environment. According to this definition, strategy is a match between an organization's resources and skills and the environmental threats and opportunities as it endeavours to achieve its targeted goals and objectives. Mintzberg et al (1983) considers strategy to be a pattern that can be observed from a stream of actions and decisions. He introduces the concept of emergent strategy, which holds that strategy can only be observed after the events it governs. According to Mintzberg, there are two extremes of strategy. The complete deliberate strategy is on one extreme and the complete emergent strategy on the other extreme. In real practice, however, strategy tends to be a mix of the two.

Strategy is the managerial action plan for achieving objectives. It is the pattern of moves and approaches devised by management to produce the targeted outcomes (Thompson and Strickland 1992). Strategy has been defined as the determination of basic long term goals and objectives of an enterprise and the adoption of courses of action, and the allocation of resources necessary for carrying out these goals, and the planning and coordinating of growth (Ghosal & Westney, 1993). It is therefore important to score that strategy as a concept is the core concept of strategic management.

Quinn (1980) identifies strategy as the pattern or plan that integrates an organization major goals, policies and action sequences into cohesive whole. A well formulated strategy helps to marshal and allocate an organization's resources in a unique and viable posture based on its relative internal competence and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents.

Porter (1998) states that, strategy is basically about competition and the means by which an organization tries to gain competitive advantage. He further states that a competitive strategy is abroad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out theses goals. According to Ohmae (1983), the only purpose of strategic planning is to empower an organization to efficiently gain a sustainable competitive advantage over its competitors. Andrew (1971) defines corporate strategy as the pattern of major objectives, purpose or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is to be.

Rumelt et al (1995) states that, strategy is about the direction of organizations and most often business firms. Firms if not all organizations are in competition. Competition for factor inputs, competition for customers, and ultimately competition for revenues that cover the costs of their chosen manner of surviving. A strategy is an action a company takes to attain one or more of its goals (Hill and Goreth, 1999).For most if not all organizations an overriding goal it to achieve superior performance. Thus a strategy can often be defined more precisely as an action a company takes to attain superior performance.

2.2. STRATEGIC MANAGEMENT

Over the last 20 years or there about, strategic management practices have become more important in Kenya (Aosa 1992), however globally the process of formal strategic management dates back to its roots in the United States of America in the 1950's. Writers suck as Chandler (1962), Ansoff (1965), Andrews (1971) and Drucker (1974) provide some of the earliest writings on formal strategic management.

Strategic management has many different definitions; indeed they are as many as there are authors on the subject. Teece (1984:87) defines strategic management as the on going process of ensuring a competitively superior fit between the organization and its ever changing environment. Hoffman and Hergaty (1989), describe strategic management as concerned with top management behaviours and processes in developing organizational structure and determining the efficacy of these strategies for coping with organizational environment. This definition lays emphasis on the role of top management in the development of strategy and gives prominence to concept of structure.

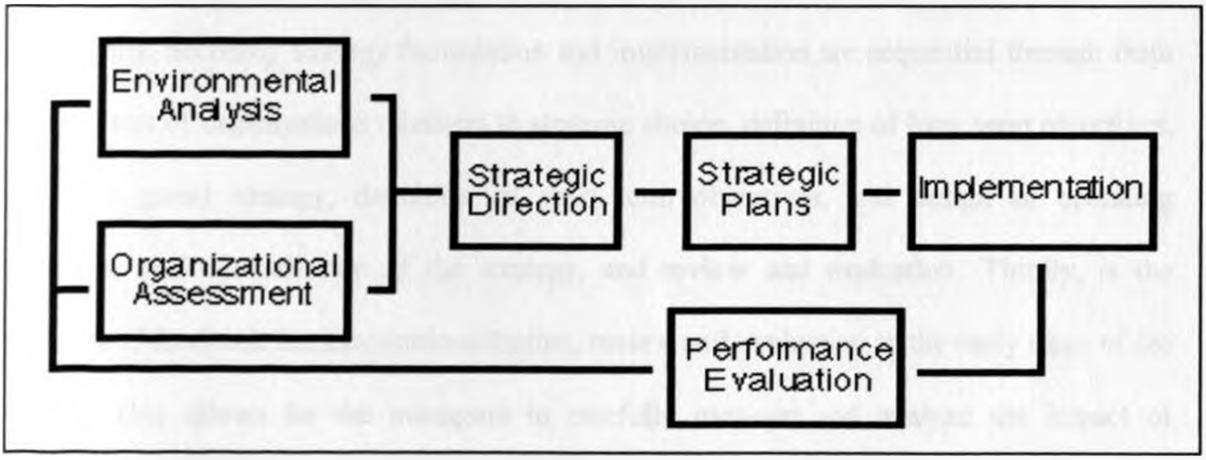
Cole (1997) defines strategic management as a process, directed by top management but engaged in all through the management structure. It aims at determining the fundamental aims or goals of the organization including those needs and ensuring the attainment of those fundamental aims/goals through the adoption of adequate decision making mechanism and the provision of adequate resources in support of a planned direction for the organization over a given period of time. It is therefore clear that formulation, implementation and evaluation should involve all the management levels.

David (2001) describes the strategic management process as being dynamic and continuous. This brings in the element of strategic management as a process to monitor internal and external events and trends do that changes can be made accordingly. According to Johnson and Scholes (2002) strategic management includes understanding the strategic position of an organization, strategic choices for future and turning strategy into action. The strategy position is concerned with the impact on strategy of the external environment, internal resources and competence, and the expectation and influence of stakeholders. Strategic choices involve understanding the underlying bases for the future strategy at both the corporate and business unit levels and the option of developing strategy in terms of both the direction and methods of development. Translating strategy into action is concerned with ensuring that strategies are working in practice.

Strategic management therefore has two components namely process and content. The process component is concerned with planning and implementation of strategies whereas the content component is concerned with competitive strategy where internal capabilities responsible for exploit of opportunities and curbing the threats presented in environment are built up. Strategic management can then conclusively be defined out of all the above as a set of decisions and action resulting in formulation and implementation of strategies designed to achieve the objectives of an organization. It involves the planning directing, organizing and controlling of strategy related decisions, and actions of the organization.

The building blocks for a comprehensive strategic management model are shown in Figure 1-- external analysis, internal assessment, strategic direction, strategic plans, implementation, and performance evaluation.

Figure 1 - The Strategic Management Model



Source: H.Didsbury (Ed.) (1996): Future Vision, Idea, Insights, and Strategies. Bethesda, MD: World Future Society.

2.2.1 The Process of Strategic Management

From the concept of strategy comes the aspect of strategic management, which can be defined as a set of decisions and actions in the formulation and implementation of strategies designed to achieve the objectives of the strategies in order that they may deliver the intended results. Thus the formulation and implementation of strategies for the organization are core management functions and top management must be involved. Strategy formulation is however an intricate task for organizations top management (Robson, 1997).

Strategic management is a process that affects the whole organization. It outlines the way objectives are determined and strategic decisions are made (Juach and Glueck, 1984). Strategic management has generally been viewed as a process since it involves the flow of information through interrelated stages of analysis towards the achievement of an aim. However, this action of viewing strategic management as a process has several important implications: First a change in any component will affect several or all of the other components. Secondly strategy formulation and implementation are sequential through from development of organizations missions to strategic choice, definition of long term objectives, design of grand strategy, definition of short term objectives, and design of operating strategies, institutionalization of the strategy, and review and evaluation. Thirdly, is the necessity of feedback from institutionalisation, review and evaluation to the early stage of the process. This allows for the managers to carefully measure and analyze the impact of strategies on the need for possible modifications in the company mission. Fourth and final implication is the need to view strategic management as a dynamic system with constantly changing conditions that affect interrelated and independent strategic activities. This call for managers to realize that change is continuous and thus dynamic strategic planning process must be constantly monitored for significant changes in any component as a precaution against implementing obsolete strategy.

Among the many models that have been suggested this study will adopt the one put forward by Thomson & Strickland (1990), which identified five steps in strategic management process. Firstly, to develop a concept of business and form a vision where the organization needs to be headed. Secondly the mission should be converted into specific performance objective - something the organization's progress can be measured by. Thirdly, a strategy should be crafted to achieve the targeted performance objectives. Next, the chosen strategy should be implemented and executed efficiently and effectively. Lastly, strategic management involves evaluating performance, reviewing the situation and initiating corrective adjustment in mission objectives, Strategy or implementation in light of actual experience, changing conditions, new ideas and new opportunities.

Strategic management by itself is a process. Robinson and Coulter (2002), defines it as "the process that encompasses strategic planning, implementation and evaluation". In their view, strategic management process is a way of considering; deciding and realizing already formulated strategies. Strategy implementation, on the other hand is concerned with both planning how the choice of strategy can be put into effect, and managing the changes required (Wang, 2000).

Strategy formulation forms the basic foundation in the strategic management process. Mintzberg et al (1983) identified two approaches to the formulation of strategy namely, the Rational-Analytical Approach and the Behavioural Approach. The rational–analytical approach emphasizes analysis and formal planning. The resulting strategy is formal and deliberate. The behavioural approach, on the other hand does not emphasize formality. Instead it focuses on behaviour of the people and political aspects of the organization, giving room for intuition, experience and gut feeling in decision making.

The choice of approach is so much dependent on several factors. The planning approach has been criticized by recent scholars on several fronts; Hamel and Prahalad (1980) criticized the fit approach on the grounds that too much focus is put on fit or matching at the expense of building new resources and capabilities to create and exploit future opportunities. Hill and Jones (2001), say that the real world is largely unpredictable. Even the most carefully thought through strategic plans are prone to being rendered useless by rapid and unforeseen change in the environment. Too much has also been attached to top management.

In spite of the all, critics agree generally that formal strategic planning has a role. It allows for study of the organizations competencies, resources and capability in building and sustaining a competitive advantage. Greater formality has been positively correlated with cost, comprehensiveness, accuracy and success of planning (Pearce and Robinson 1997).

Strategy implementation is on one of the components of strategic management and it refers to a set of decisions and actions that result in formulation and implementation of long term plans designed to achieve organizational objectives. This is by far the critical phase of strategic management and usually it gives rise to interrelated concerns. Pearce and Robinson (1998) state the following as the process of implementation. Firstly is identifying measurable, mutually determined annual objectives. Secondly is developing specific functional strategies, thirdly is communicating concise policies to guide decision, and finally allocating resources. Strategy implementation has received increasing attention in literature e.g. Bourgeois & Brodwin 1984; Alexander 1991; Grundy 1998; Noble 1999; Beer & Eisentat 2000. Noble makes a distinction between structural and interpersonal process views on strategy implementation. The structural perspective focuses on formal organizational structure and control mechanism, while the interpersonal process is about understanding issues like strategic consensus, autonomous strategic behaviours, diffusion perspectives, leadership and implementation styles, and communication and other interaction processes.

According to Aosa (1992) once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action. Aaltonen & Ikavalko (2001) argues that transforming strategies into action is a far more complex and difficult task. Similarly, David (2003) points out that it is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation). Strategy implementation does not automatically follow strategy formulation; it exhibits its own resistance, which can invalidate the planning efforts (Ansoff & McDonell, 1990).

It is important to observe that the implementation phase is also the period that lots of problems are encountered. These are usually as a result of one or a combination of the following; Issues related to availability of resources, congruence existing between structure and process - configuration between structure and strategy must be compatible Aosa (1992) and Davis (1992) - Changed in strategy leads to change in organizational structure. Organizational paradigm: The process of leadership culture, resources and administrative procedure it is imperative thus to minimize the problems between strategy development and implementation in order to achieve intended results.

2.2.2 Strategic Management Practices

Strategic management practices are generally the use of strategic management concepts in application so as to ensure that a firm is able to achieve its strategic management objectives. The practice of strategic management encompasses having to deal with the organization being able to develop its vision, mission and objectives clearly and ensuring that they meet their desired goals. Planning is a very integral part of the strategic management practice and has to do with how an organization is able to design its activities and match them to their capabilities. Environmental scanning, competitor analysis, industry and market analysis together with internal analysis are key aspects of the strategic management practice. Finally the role of leadership is very instrumental. All these aspects are covered in details to illustrate the elements of strategic management practice.

By developing a company vision and mission as a practice the business is able to describe their products, markets and technological areas of emphasis. A mission ensures that unanimity of purpose within the organization is achieved, and it also provides for a motivating basis for use and allocation of organizations resources. It specifies organizations purposes and translation of these purposes into goals in such a way that cost, time and performance parameters can be assessed and controlled.

Environmental analysis is another very critical strategic management practice. According to Pearce and Robinson (2002) a host of external factors influence a firm's choice of direction and action and ultimately its organizational structure and internal processes. These factors constituting external environment, can be divided into three interrelated categories:

Firstly is the remote environment which is composed of a set of forces that originate beyond and usually irrespective of any single firm's operating situation – that is political, economical, social, technological and industrial factors. It represents opportunities, threats and constraints for the firm, while the organization rarely exerts any meaning full reciprocal influence. Secondly are the factors in industry environment and thirdly are the factors in operating environment also referred to as the competitive or task environment. They provide many of the challenges a particular firm faces in attempting to attract or acquire needed resources or in striving to profitably market its goods and services. The advantage of assessing the potential impact of changes in the environment is that decision makers are hen better placed and able to narrow the range of available alternatives and eliminate options that are clearly inconsistent with forecast opportunities. It thus enables elimination of all but the most promising alternatives.

Strategic analysis as a strategic management practice element limits alternatives to several viable choices, such as propensity for risk, past strategy and coalitions, which are outside the realm of purely analytical considerations. Porter (2002), states that industry analysis is a very important strategic management practice element and recommends that among the key industry drivers that organizations will evaluate here are, threats to new entrants, bargaining power of both suppliers and buyers and threats of new substitutes. By taking into account this parameters and constantly reviewing them an organization will be able to develop its competitive strategies.

Internal analysis is another of the strategic management practices that organizations have to embrace. This will help in identifying the strategically important strengths and weaknesses on which a firm should ultimately base its strategy. It includes identifying internal factors like cash flows, locations, technology and organizational structure among others, and determining whether these key factors are: One, Competitive advantage providing company with an edge compared to its competitors and therefore key factors around which to build the firms strategy. Two, Basic business requirements that are they are important capabilities for firm but are also typical of every viable competitor thus does not represent any strategic advantage. Third are Key vulnerabilities. These are factors on which company currently lacks necessary skill, knowledge, or resources to compete effectively.

Leaderships is an important component of success in any organization It gives direction in which an organization will move in order to accomplish its objectives. Although leadership seemingly is vague and esoteric, it is an essential element in effective strategic management practice. More fundamentally in leadership are the roles of CEO and assignments to the key managers. The ideal strategic management team includes decision makers from all three company level (the corporate, business and functional) – for example, the chief executive officer (CEO), the product manager, and the heads of functional areas. In addition, the team obtains input form company planning staffs, when they exist, and from lower level managers and supervisors. The latter provide data for strategic decision making and then implement strategies. Because strategic decisions have a tremendous impact on a company and require large commitments of company resources, top managers must give final approval for strategic action. Figure 1-2 aligns levels of strategic decision makes with the kinds of objectives and strategies for which they are typically responsible.

Planning departments, often headed by a corporate vice president for planning, are common in large corporations. Medium-sized firms often employ at least one full time staff member to spearhead strategic data collection efforts. Even in small firms or less progressive larger firms, strategic planning often is spearheaded by an office or by a group of officers designated as a planning committee. Precisely what are managers' responsibilities in the strategic planning process at the corporate and business levels? Top management shoulders broad responsibility for all major elements of strategic planning and management. It develops the major portions of the strategic plan and reviews, and it evaluates and counsels on all other portions. General Managers at the business level typically have principal responsibilities for developing environmental analysis and forecasting, establishing business objectives, and developing business plans prepared by staff groups. A firm's president or CEO characteristically plays dominant role in the strategic planning process. In many ways, this situation is desirable. The CEO's principal duty often is defined as giving long-term direction to the firm, and the CEO is ultimately responsible for the firm's success and, therefore, for the success of its strategy. In addition, CEOs are typically strong-willed, company-oriented individuals with high self-esteem. They often resist delegating authority to formulate or approve strategic decisions.

However, when the dominance of the CEO approaches autocracy, the effectiveness of the firm's strategic planning and management processes are likely to be diminished. For this reason, establishing a strategic management system implies that the CEO will allow managers at all levels to participate in the strategic posture of the company. In implementing a company's strategy, the CEO must have an appreciation for the power and responsibility of the board, while retaining the power to lead the company with the guidance of informed directors. The interaction between the CEO and board is instrumental to any corporation's strategy. The CEO is the catalyst of strategic management practices and (s) he is the most closely identified with and ultimately accountable for a strategy's success – their nature being both symbolic and substantive. They also provide a vision, initiative, motivation and inspiration, and equally influence the firm's mission and strategy and long term objectives by their personal goals and values. They should cultivate team spirit and act as catalyst in the whole strategic management process (Aosa 1992).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design

The study used the cross - sectional survey research design method as it is the best way to get data for statistical analysis. It involved collecting data and quantifiable information from an identified sample population of the importers and distributors in Kenya in order to determine the extent to which they have embraced strategic management practices with respect to several variables. Similar research design has been used in past studies (e.g. Aosa 1992, Karemu 1993, Wahome 2003, and Mukuli 2004) that have looked at strategic management practices in different sectors.

3.2 The Population

The population of interest in this study consisted of companies in the pharmaceutical industry that are listed as agents and are responsible for importing finished pharmaceutical products from registered manufacturers with Pharmacy and Poisons Board (MOH) and distributing them to wholesalers, retailers, hospitals and other healthcare institutions. There were 104 companies registered as at December 2005. (Source: East African Pharmaceutical Loci. Drug Index 7th edition.)

3.3 The Sample and Sampling Design

The survey sample comprised of 60 firms which represented 60 % of the population selected randomly. The sample size conformed to the widely held rule of the thumb that a representative sample size should have thirty (30) or more units (Daniel and Terrel, 1975).

3.4 Data Collection

The research instrument used for primary data collection was a structured questionnaire that had both open ended and closed ended questions. The respondents were CEO'S, the General Managers - Sales and Marketing, or Marketing Directors or Managers in selected pharmaceutical companies as they are uniquely qualified to provide the intended information. The mail questionnaire approach was used due to the level of competence of the respondents.

3.5 Data Analysis

Data collected was edited for accuracy, consistency, uniformity and completeness. Responses were coded to simplify tabulation and facilitate basic statistical analysis. Descriptive analysis was used. Means, frequencies, standard deviations and percentages were calculated to enable comparisons. The results were computed and presented in tables, graphs and charts.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, the results of the study are presented and discussed. Data was collected from Pharmaceutical importers and distributors in Kenya.Of the 60 questionnaires distributed, 35 were completed and received, representing a response rate of 58.3%.

The researcher administered questionnaires as a data collecting tool which were filled and then returned. The data was then captured in SPSS package, coded and analyzed. The analysis and study findings are summarized into mean scores, standard deviations, percentages and frequencies. These are subsequently presented in tables, graphs and charts as shown below.

4.2 Organizational profile

Table 4.2.1 Title of the respondents

Title	Frequency	Percent
Marketing Manager	23	65.7
Financial Controller	3	8.6
Administrator	6	17.1
Regional Manager	3	8.6
Total	**35**	**100.0**

Source: Research Data

The respondents interviewed include marketing managers (65.7%), administrators (17.1%), financial controllers (8.6%) and regional managers (8.6%).

Table 4.2.2 Year of establishment

Year	Frequency	Percent
Less than 10 years	6	17.1
10 -20 years	17	48.6
20 years and above	12	34.3
Total	**35**	**100.0**

Source: Research Data

According to the table above, the year of establishment for most companies was 10-20 years as accounted for by 48.6%, closely followed by those companies that were established for more 20 years and above. A minority (17.1%) of the companies were established in less than 10 years. The same is shown in the chart below.

Figure 4.1 Year of establishment

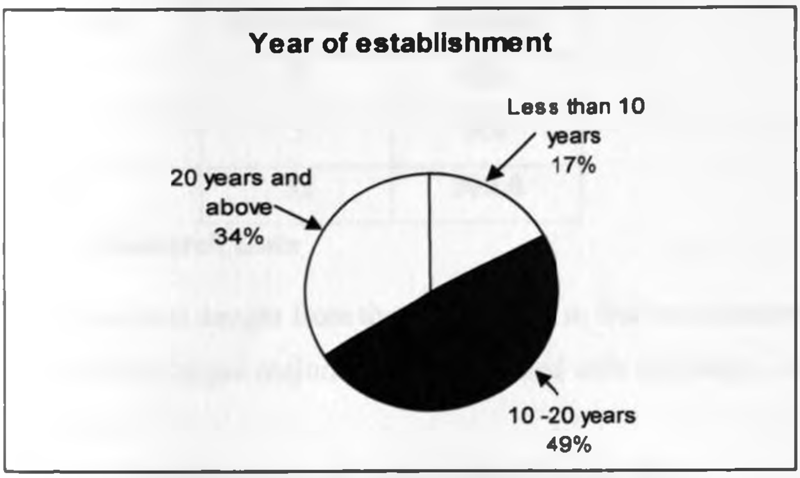


Table 4.2.3 Ownership of the firm

Ownership	Frequency	Percent
Wholly local	15	42.9
Partnership	9	25.7
Wholly foreign	2	5.7
Individual	9	25.7
Total	**35**	**100.0**

Source: Research Data

As shown in the table above, majority or 42.9% of the companies were wholly local. A considerable amount of companies were individual or partnership companies which was represented by 25.7% in each case. A minority (5.7%) were wholly foreign.

Table 4.2.4 The number of agencies which the firms have

Number	Frequency	Percent
Less than 5	9	33.3
5 – 10	9	33.3
Above 10	9	33.3
Total	**27**	**100.0**

Source: Research Data

There was an equally divided response on the number of agencies which the firms have, the responses include; less than 5, 5 – 10 and above 10. Each case was accounted for by 33.3%.

Table 4.2.5 Whether any expansion has been experienced in the firms

Response	Frequency	Percent
Yes	29	90.6
No	3	9.4
Total	**32**	**100.0**

Source: Research Data

An opinion was sought from the respondents to find out whether there has been expansion since the firm began majority (90.6%) agreed with this while a minority or 9.4% thought otherwise.

Table 4.2.6 **Factors that led to the growth of the firm**

Category label	Frequency	Percentage
Aggressive marketing	14	42.4
Financial stability	5	15.2
Introduction of new products/molecules	8	24.2
Increased demand for affordable medicine	3	9.1
Integrity in business dealings	3	9.1
Total responses	**33**	**100.0**

Source: Research Data

Aggressive marketing emerged to be the major factor that led to the growth of many firms as portrayed by the majority or 42.4% of the respondents. Others as represented by 24.2%, their firms' growth was due to the different new products of different molecules introduced into the market by their firms, while financial stability led to the growth of some firm as represented by 15.2% of the respondents. However, a minority of the respondents as represented by 9.1% each said that the growth was due to the increased demand for affordable medicine especially the generic drugs by majority of the low and middle class people and the firms' Integrity coupled with transparency in business dealings.

Table 4.2.7 Whether any decline has been experienced in the firms

Response	Frequency	Percent
Yes	13	40.6
No	19	59.4
Total	**32**	**100.0**

Source: Research Data

When asked if they experienced any decline in the firms, most or 59.4% of the respondents said no whereas 40.6% said yes.

4.3 Strategic management practices

A practice of strategic management encompasses having to deal with the organization being able to develop its vision, mission and objectives clearly and ensuring that they meet their desired goals.

4.3.1 Vision

Table 4.3.1.1 Whether the firm has a vision

Response	Frequency	Percent
Yes	32	91.4
No	3	8.6
Total	**35**	**100.0**

Source: Research Data

Majority or 91.4% of the respondents said their firm had a vision while the rest (8.6%) indicated otherwise. The chart below continues to show this.

Figure 4.2 Whether the firm has a vision

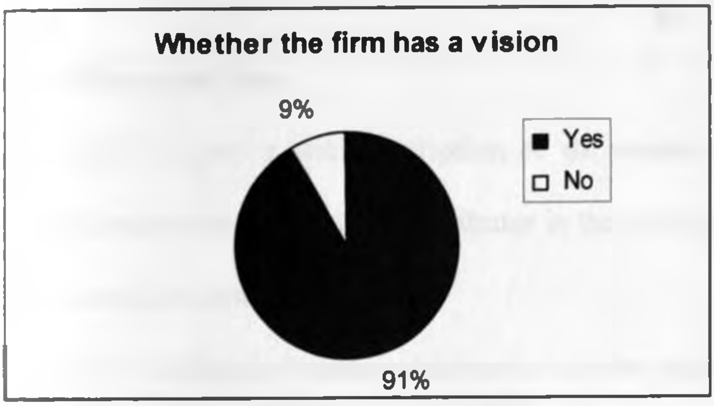


Table 4.3.1.2 Nature of the vision

Nature	Frequency	Percent
Written	18	56.3
Implied	14	43.8
Total	**32**	**100.0**

Source: Research Data

When asked to state the nature of the vision, 56.3% said it was written while 43.8% stated that it was implied.

4.3.2 Mission

Table 4.3.2.1 Whether the firm has a mission statement

Response	Frequency	Percent
Yes	24	72.7
No	9	27.3
Total	**33**	**100.0**

Source: Research Data

According to the table above, majority or 72.7% of the firms sampled had a mission statement only 27.3% did not have one.

Table 4.3.2.2 Brief description of the mission statement

Description	Frequency	Percent
To be the leading distributor in the country	19	79.2
Creating a healthier future	5	20.8
Total	**24**	**100.0**

Source: Research Data

When asked to give a brief description of the mission statement, most or 79.2% of the responses were to be the leading distributor in the country, whereas the rest (20.8%) were to create a healthier future.

Table 4.3.2.3 Methods of communicating the mission statement.

Response	Frequency	Percent
Written	15	50.0
Symbols	3	10.0
Implied	12	40.0
Total	**30**	**100.0**

Source: Research Data

The respondents were asked to state how the mission statement was communicated across the firm. the findings indicate that majority or 50% of the mission statements were written closely followed by those that were implied at 10% . However, a minority or 10% of the mission statements were communicated through symbols.

Table 4.3.2.4 Whether the mission statement has changed since the since the establishment of the firm

Response	Frequency	Percent
Yes	3	10.0
No	27	90.0
Total	**30**	**100.0**

It can be seen from the table above that most or 90% of the mission statements had not changed since the establishment of the firm while 10% of the firms had changed their mission statements.

Table 4.3.2.5 Reasons as to why the mission statement changed

Reasons	Frequency	Percent
Change in line with the firm's activities	3	100.0

Source: Research Data

Those respondents who indicated that the mission statements had changed said that it did so as to be in line with the firms' activities.

Table 4.3.2.6 The person who came up with mission statement

Person	Frequency	Percent
Do not know	3	11.1
Managing director in collaboration with the marketing team	18	66.7
Directors	6	22.2
Total	**27**	**100.0**

Source: Research Data

Most of the respondents (66.7%) indicated that the managing directors in collaboration with the marketing teams are the ones perceived to be coming up with mission statements of respective organizations. Only 22.2% of respondents are of the view that the highest organs in each organization who are the directors are the ones responsible for the crafting of the mission statements.

Table 4.3.2.7 Whether every one is aware about the mission statement

Response	Frequency	Percent
Yes	23	79.3
No	6	20.7
Total	**29**	**100.0**

Source: Research Data

As shown from the above table, it is perceived that everyone is aware about the mission statement in each organization as represented by 79.3% of the respondents.

Table 4.3.2.8 The person who ensures that the mission statement is followed

Person	Frequency	Percent
Senior management	16	59.3
Marketing director	3	11.1
Country /regional/area managers	5	18.5
Human resource manager	3	11.1
Total	**27**	**100.0**

Source: Research Data

The person(s) who ensures that the mission statement is followed is senior management as accounted for by 59.3% of the respondents. Country, regional or area managers are also instrumental in ensuring that the mission statement(s) of each organization is followed as represented by 18.5% of the respondents.

4.3.3 Objectives and objective setting

Table 4.3.3.1 Whether long term objectives are set for the firm

Response	Frequency	Percent
Yes	32	91.4
No	3	8.6
Total	**35**	**100.0**

Source: Research Data

As indicated by the above table, it is apparent that long term objectives are set for each firm as explained by 91.4%. There is a departure from this position by only 8.6% of the respondents whose opinion is that long term objectives of each firm is not set.

Table 4.3.3.2 If no, whether it was necessary to have the objectives

Response	Frequency	Percent
Yes	14	100.0

Source: Research Data

Of those respondents whose view were that long term objectives of each firm was not set, only a minority of them represented by 40% admitted that it was indeed necessary to have long term organizational objectives set.

Table 4.3.3.3 **Categories of the objectives**

Category label	Frequency	Percentage
Sales objectives	21	35.6
Brand objectives	19	32.2
Objectives for the firm growth	19	32.2
Total responses	**59**	**100.0**

Source: Research Data

As illustrated above, most firms had three categories of objectives. The sales objectives aimed at making the firm to be the regional/leading distributor of pharmaceutical products and brand objectives aimed at maintaining the quality of the product and also production of other new products of different molecules. Some objectives like market expansion and segmentation to other regions or countries and the acquisition of more/new agencies all these aimed at the growth of the firm.

Table 4.3.3.4 Who is responsible for setting these objectives

Person	Frequency	Percent
Board of directors	19	54.3
Management level	16	45.7
Total	**35**	**100.0**

Source: Research Data

Those responsible for setting the long term objectives of the pharmaceutical firms were board of directors as represented by 54.3% of the respondents as opposed to 45.7% of the respondents who perceive the line management as being responsible fro setting long term objectives of the organization (s).

Table 4.3.3.5 Whether objectives are written

Response	Frequency	Percent
Yes	20	62.5
No	12	37.5
Total	**32**	**100.0**

Source: Research Data

As shown by the above table, the objectives are written as expressed by 62.5% of the respondents. Only 37.5% of the respondents expressed that the set objectives were not written.

Table 4.3.3.6 Whether everyone in the organization was aware of the objectives

Response	Frequency	Percent
Yes	23	71.9
No	9	28.1
Total	**32**	**100.0**

Source: Research Data

The above table do indicate clearly that everyone on the organization (s) is aware of the objectives as represented by 71.9% of the respondents as opposed to 28.1% of the respondents whose view is that these objectives are not known by everyone in the organization. . The chart below continues this.

Figure 4.3 Whether everyone in the organization was aware of the objectives

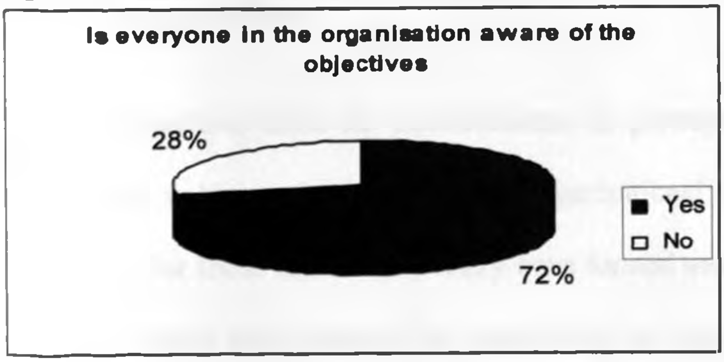


Table 4.3.3.7 Method of communicating the objectives

Response	Frequency	Percent
Written	11	40.7
Orally during staff meeting	12	44.4
Both written and orally during meetings	4	14.8
Total	**27**	**100.0**

Source: Research Data

The communication of the objectives within the organizations is mostly written or oral as indicated by 40.7% and 44.4% respectively. However a combination of both written and oral communication is used as represented by 14.8% of the respondents.

Table 4.3.3.8 **Major hindrances in developing of the objectives**

Category label	Frequency	Percentage
Complexity of integration after mergers	8	14.5
High staff turnover	6	10.9
Lack of qualified personnel	3	5.5
Unfair competition from manufacturers	12	21.8
Financial limitations	4	7.3
Cross boarder protocols	5	9.1
Rigid and unfriendly regulatory bodies	5	9.1
Setting of unrealistic objectives	3	5.5
Conflicts between top management and med	3	5.5
Government regulation	6	10.9
Total responses	**55**	**100.0**

Source: Research Data

Unfair competition from the manufacturers as portrayed by the majority (21.8%) of the respondents is the major hindrance to organizational development and realization of the objectives. For those firms who already have formed mergers, development of the objectives becomes a great task owing to the complexity of integration as 14.5% of the respondents expressed. However, some respondents also expressed that other factors like high staff turnover, government regulations on the limit and nature of the drugs to be imported, cross boarder protocols, rigid and unfriendly regulatory bodies and setting of unrealistic objectives, among others hinders the development of the objectives by many firms.

4.4 Strategic planning

Table 4.4.1 Whether firm has developed any strategies for operation

Response	Frequency	Percent
Yes	24	80.0
No	6	20.0
Total	**30**	**100.0**

Source: Research Data

Majority (80%) of the firms sampled had developed strategies for operation a minority or 20% had not done this.

Table 4.4.2 **Operational strategies developed by the firms**

Category label	Count	Responses
Growth strategies	16	48.5
Diversification strategies	12	36.4
Defensive strategies	5	15.2
Total responses	**33**	**100.0**

Source: Research Data

Majority of the firms as indicated on the table above, developed growth strategies which catered for their sales activities, profitability, market segmentation among others, while others aimed at diversifying their market share through new product range and new innovations. However a minority developed defensive strategies aimed at protecting their market share, their products and the work force from external competitors.

Table 4.4.3 Whether the firm has strategic plans

Response	Frequency	Percent
Yes	27	90.0
No	3	10.0
Total	**30**	**100.0**

Source: Research Data

It can be seen from the table above that 90% of the firms had strategic plans whereas 10% did not have.

Table 4.4.4 Whether the strategies have changed over time

Response	Frequency	Percent
Yes	19	63.3
No	11	36.7
Total	**30**	**100.0**

Source: Research Data

When asked if the strategies have changed over time, majority or 63.3% of the respondents agreed that they had changed whereas 36.7% indicated that they had not changed.

Table 4.4.5 Whether the firm intends to maintain the current strategies

Response	Frequency	Percent
Yes	15	50.0
No	12	40.0
21	3	10.0
Total	**30**	**100.0**

Source: Research Data

An opinion was sought from the respondents to find out whether the firm intends to maintain the current strategies, most or 50% of the respondents implied that the firm intended to maintain the current strategies while closely following were those who were of a different opinion at 40%.

Table 4.4.6 The person who is involved in the development of the strategies

Person involved	Frequency	Percent
Marketing director	5	18.5
Management team in consultation with the field force	20	74.1
Every one-directors, managers and staff	2	7.4
Total	**27**	**100.0**

Source: Research Data

As illustrated in the table above, the management team in consultation with the field force formed a large part in the development of the strategies; this was accounted for by 74.1%. Others include the marketing director as represented by 18.5% and every one-director, managers and staff as represented by 7.4%.

Table 4.4.7Whether the strategic plans are in written form

Response	Frequency	Percent
Yes	27	90.0
No	3	10.0
Total	**30**	**100.0**

Source: Research Data

The strategic plans were mainly in written form as represented by 90%. Only 10% of the firms sampled did not have their strategic plans in a written form.

Table 4.4.8 The time frame that the Strategic plans cover

Category label	Frequency	Percentage
Short term (0 - 3) years	28	52.8
Medium term (0 - 5) years	16	30.2
Long term (over 5 years)	9	17.0
Total responses	**53**	**100.0**

Source: Research Data

Majority of the firms make short term plans which covers period of less than or three years as accounted for by 52.8% of the respondents, some(30.2%) a five year plan and only a few as represented by 17% of the respondents, make long term plans for over five years.

The researcher sought to know some of the features practised by the firms that characterize strategic planning process. The responses are captured in the table below.

Table 4.4.9 Features that characterize strategic planning process

Features of strategic planning	**Frequency**	**Percent**
Formal planning process	26	24.3
Informal Planning meeting	19	17.8
Timetables for preparation of plans	26	24.3
Clearly assigned responsibility for planning	29	27.1
Existence of a planning department	7	6.5
Total	**107**	**100.0**

Source: Research Data

Table 4.4.10 Problems encountered in developing and documenting the strategies

Problems	**Count**	**Responses**
None	6	15.4
Lack of serious commitment to them	11	28.2
Lack of proper follow up by the management	6	15.4
Uncertain and often changing market trend	9	23.1
Dependence on principals for product range	2	5.1
Lack of syndicated data in the country	2	5.1
Budget constrains	3	7.7
Total responses	**39**	**100.0**

Source: Research Data

As indicated above, most or 28.2% of the firms do not show any serious commitment to these strategies, hence no follow ups made by the management. On the other hand, uncertainties and changes in market trends (23.1%), budget constrains (7.7%) among other factors have greatly hindered the development and documentation of the strategies.

The respondents were provided with 5 choices and were required to indicate the level of agreement or disagreement about some statements in regard to the strategic planning practices in their companies. Their responses were captured on the table below.

Table 4.4.11 Strategic planning practices of the company

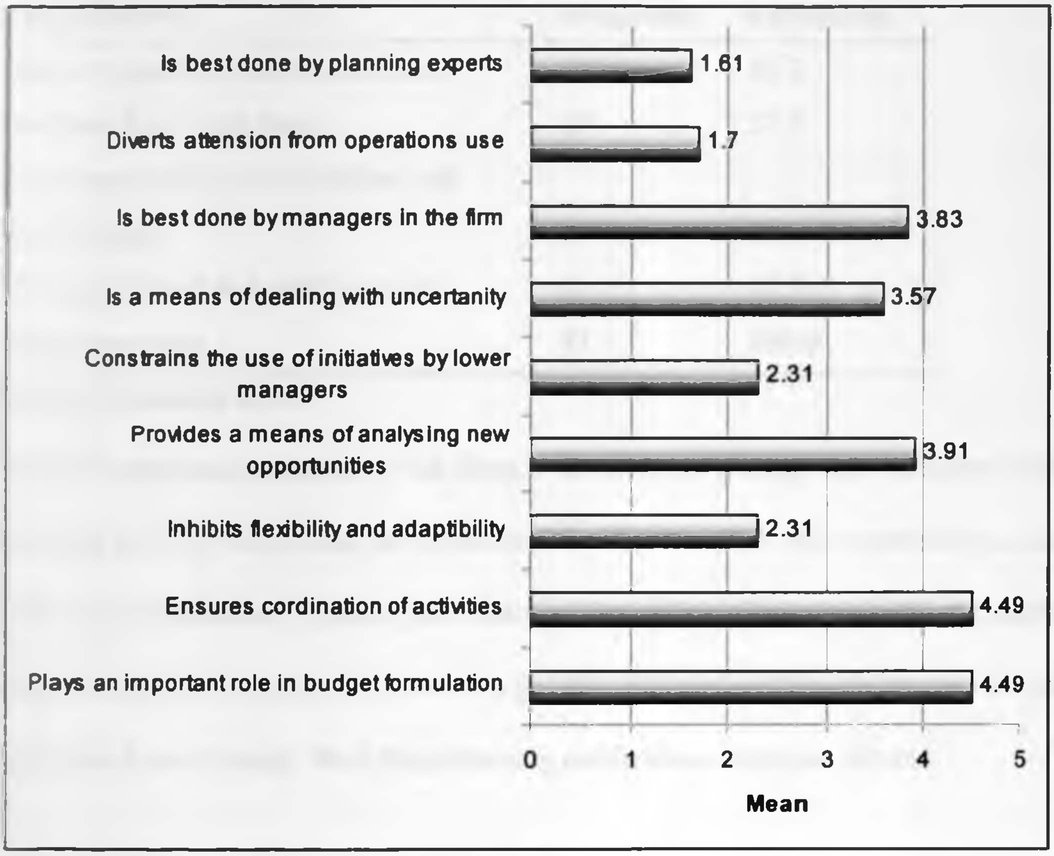
Practices	Mean	Std. Deviation
Plays an important role in budget formulation	4.49	0.74
Ensures coordination of activities	4.49	0.78
Inhibits flexibility and adaptability	2.31	1.02
Provides a means of analyzing new opportunities	3.91	0.89
Constrains the use of initiatives by lower managers	2.31	1.21
Is a means of dealing with uncertainty	3.57	0.78
Is best done by managers in the firm	3.83	1.18
Diverts attention from operational use	1.70	0.64
Is best done by planning experts	1.61	0.90

Source: Research Data

Key: 1=no extent, 2=to a small extent, 3=to some extent, 4=to a large extent, 5=to a very large extent

As shown a above, planning to a large extent plays a role in budget formulation and also ensure coordination of activities To some extent planning is best done by managers in the firm, it provides a means of analysing new opportunities and a means of dealing with uncertainities.However, the respondents disagreed with the statements that planning is best done by experts, neither does it divert attention from operational use. This is further represented below.

Figure 4.4 Strategic planning practices of the company



The respondents were provided with 5 choices and were required to indicate the extent at which the following factors impact the organizational planning in their companies. Their responses are captured on the table below

4.5 Strategic management and the external environment

Table 4.5.1 Whether the firm gathers external data for planning

Response	Frequency	Percent
Yes	32	100.0

Source: Research Data

All firms gathered external data for planning as shown in the table above.

Table 4.5.2 Methods of collecting information

Category label	**Frequency**	**Percentage**
Market research/customer feedback	22	43.1
Feedback from field force	19	37.3
Workshops/training conferences and open forums	2	3.9
Through internet and media reports	8	15.7
Total responses	**51**	**100.0**

Source: Research Data

Market researches conducted by the firms with an aim of getting their customer feedback, and feedback from the field force, as represented by 43.1% and 37.3% respectively, as away of collecting information, regarding the customer perception about their products, market trends, and by majority of the firms. Some firms get this information through internet and media reports and also through Workshops/training conferences and open forums.

Table 4.5.3 Responsibility for collecting information

Person in charge	**Frequency**	**Percent**
Managers and medical representative	27	90.0
Marketing intelligence coordinating manager	3	10.0
Total	**30**	**100.0**

Source: Research Data

As shown in the table above, managers and medical representatives were in charge of gathering external data for planning as accounted for by 90%. The marketing intelligence and coordinating manager were represented by 10%.

The respondents were provided with 5 choices and were required to indicate the extent at which the following factors impact the organizational planning in their companies. Their responses are captured on the table below.

Table 4.5.4 The extent at which the following factors impact the organizational planning

External factor	Mean	Std. Deviation
General economic trend	3.69	1.23
Political and legal development	2.91	1.22
Competitors activities	4.14	1.17
Technological changes	3.29	1.10
Social and cultural trends	2.57	1.04
Population shifts and market trends	3.51	1.48
Firm's internal resources	4.63	0.65
other environment	2.36	0.90

Source: Research Data

Key: 1=no extent, 2=to a small extent, 3=to some extent, 4=to a large extent, 5=to a very large extent

As illustrated on the table above, all the factors provided by the researcher, to a very large extent had an impact on the organizational planning except the social cultural trends and other environments of which their impact on the organizational planning was lesser but to a large extent. The graph below illustrates this situation further.

Figure 4.5 The extent at which the following factors impact the organizational planning

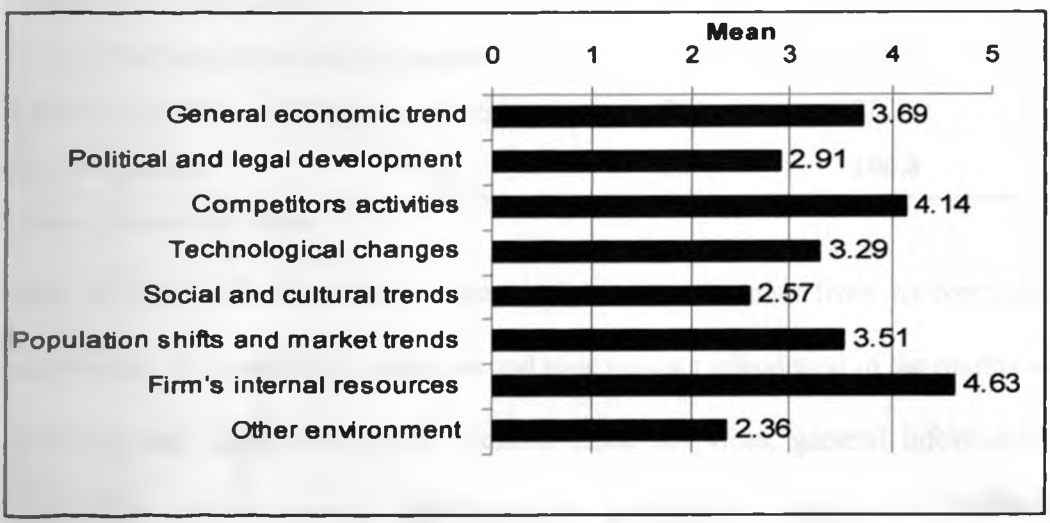


Table 4.5.5 Nature of the firm's environment

Nature of environment	Frequency	Percent
Very stable	9	25.7
Moderate	10	28.6
Turbulent	16	45.7
Total	**35**	**100.0**

Source: Research Data

The respondents were asked to state the nature of the environment, most or 45.7% indicated that it was turbulent whereas 28.6% stated that it was moderate and 25.7% were of the opinion that it was very stable.

Table 4.5.6 Whether the firm regularly collects information about its competitor

Response	Frequency	Percent
Yes	33	100.0

Source: Research Data

All respondents indicated that the firm regularly collects information about its competitor.

Table 4.5.7 The kind of information gathered about the competitor

Category label	Frequency	Percentage
Market share and marketing strategies	25	25.3
Prescription /general trend of prices	20	20.2
Special offers/discounts	9	9.1
New product introduced in the market	25	25.3
General information about the competitors	20	20.2
Total responses	**99**	**100.0**

Source: Research Data

Some of the information which a firm is interested to know from its competitor included market share and marketing strategies and new product introduced in the market as shown by 25.3% in each case, Prescription /general trend of prices, general information about the competitors with an aim of establishing the competitor's capacity to fight back, as also represented by 20.2 in each case. On the other hand, a few could be interested on the updates of special offers/discounts so as also to change tactics of luring more customers.

The respondents were provided with 5 choices and were required to indicate the level of importance that their firm attaches to various aspects of competition. Their responses were captured as shown below.

Table 4.5.8 The level of importance that the firm attaches to the aspect of competition

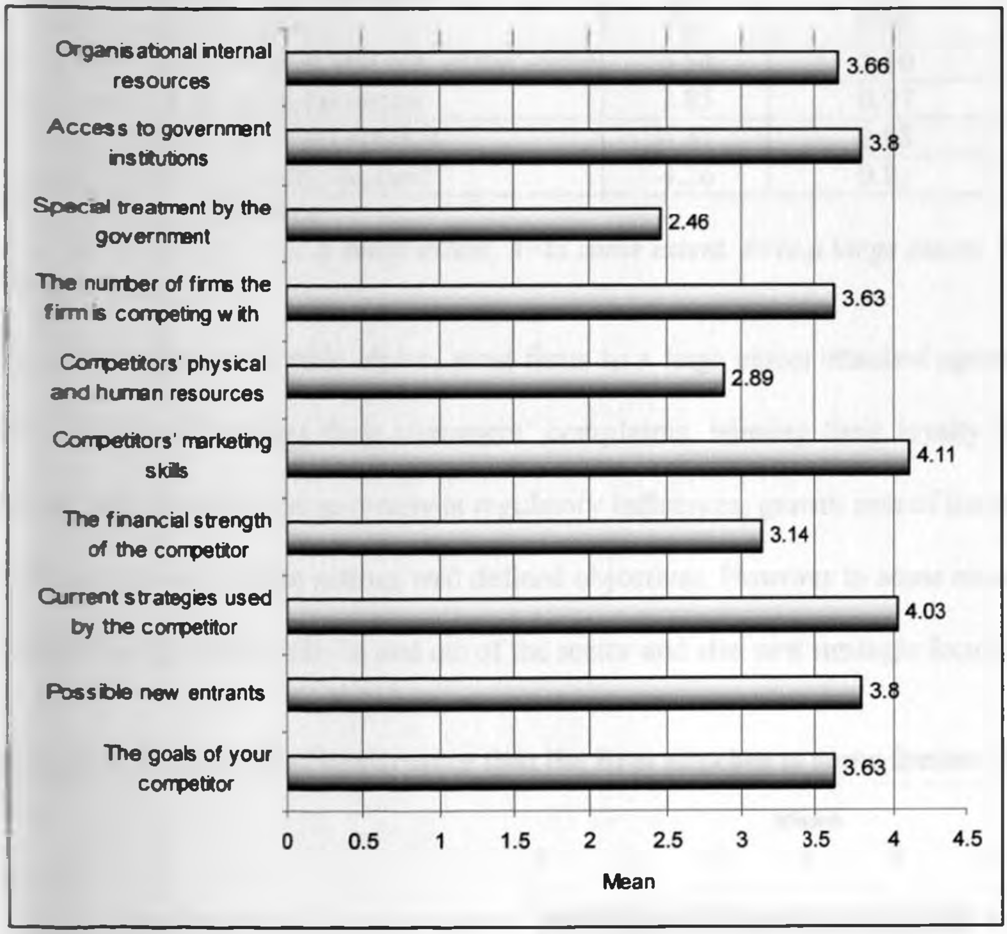
Aspects of competition	**Mean**	**Std. Deviation**
The goals of your competitor	3.63	1.09
Possible new entrants	3.8000	1.2788
Current strategies used by the competitor	4.03	1.27
The financial strength of the competitor	3.14	1.38
Competitors' marketing skills	4.11	.99
Competitors' physical and human resources	2.89	1.32
The number of firms the firm is competing with	3.63	1.17
Special treatment by the government	2.46	1.24
Access to government institutions	3.80	1.28
Organizational internal resources	3.66	1.11

Source: Research Data

Key: 1=no extent, 2=to a small extent, 3=to some extent, 4=to a large extent, 5=to a very large extent

It can be seen from the table above that competitors' marketing skills (mean 4.11) and current strategies used by the competitor (mean 4.03) were found to a large extent to be important factors to the firm in competition. Other factors that were to some extent considered to be important includes ; access to government institutions (mean 3.80), possible new entrants (mean 3.80), organizational internal resources (mean 3.66), the number of firms the firm is competing with (mean 3.63), the goals of the competitor (mean 3.63) and the financial strength of the competitor (mean 3.14) whereas factors that was to a small extent important included special treatment by the government (mean 2.46) and competitors' physical and human resources (mean 2.86). A graphic representation of the same is shown in the table below.

Figure 4.6 The level of importance that the firm attaches to the aspect of competition



4.6 Strategic management and the internal environment

The respondents were provided with 5 choices and were required to indicate the level of agreement or disagreement about some statements in regard to the planning practices in their companies. Their responses are captured on the table below.

Table 4.6.1The level of importance that the firm attaches to some factors of the sector

Factors	Mean	Std. Deviation
Handling customers complaint	4.86	0.36
Winning customers loyalty	4.83	0.38
Supplies of goods and services	4.45	0.90
Government regulatory influences	4.23	0.91
Growth rate of the sector	4.11	0.80
Exit/entry of the firms in and out of the sector	3.54	1.10
New strategic focus in the sector	3.85	0.97
Clearly defining the firm's market	4.37	0.88
Setting objectives for the defined	4.26	0.85

Source: Research Data

Key: 1=no extent, 2=to a small extent, 3=to some extent, 4=to a large extent, 5=to a very large extent

As illustrated on the table above, most firms to a large extent attached agreat importance to the nature of handling their customers' complaints, winning their loyalty, supply of their goods and services, the government regulatory influences, growth rate of the sector, the firm's defined market and the setting well defined objectives. However to some extent it considered the exit/entry of the firms in and out of the sector and also new strategic focus in the sector.

Figure 4.7 The level of importance that the firm attaches to some factors of the sector

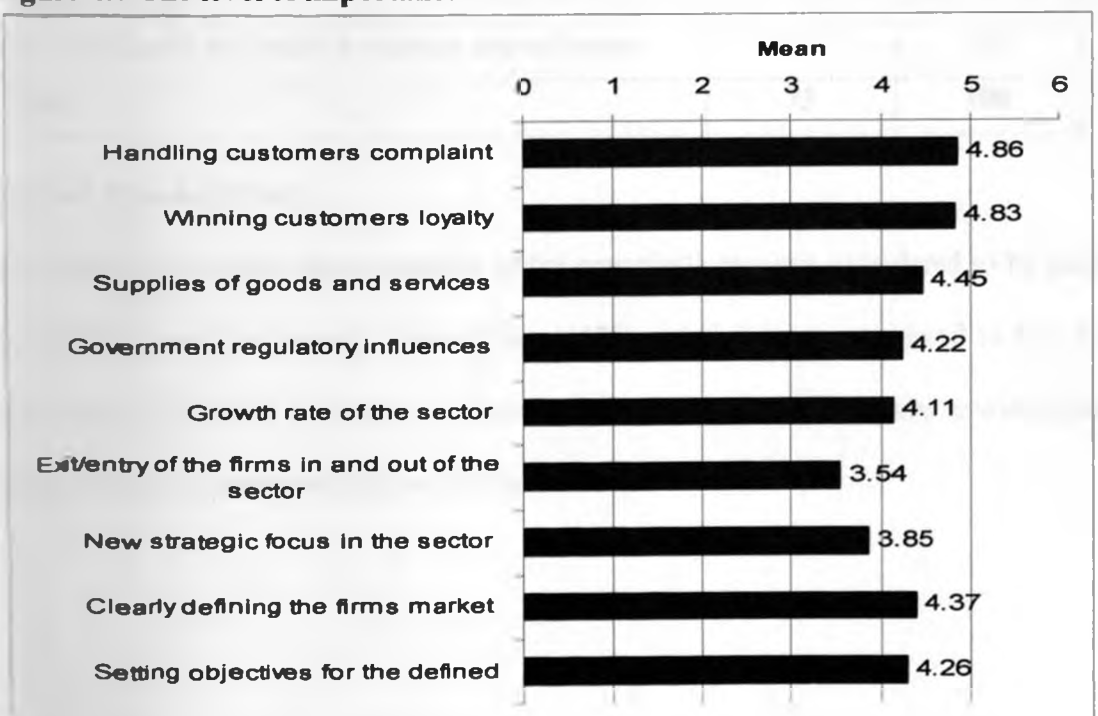


Table 4.6.2 Whether all resources are assessed.

Response	Frequency	Percent
Yes	30	90.9
No	3	9.1
Total	**33**	**100.0**

Source: Research Data

Most or 90.9% of the respondents interviewed were involved in the assessment of all the resources. However, 9.1% were not involved with this process.

Respondents were asked if they consider their organization to be a leader in the industry, to be adapting to the industry needs (seizing opportunities) and to take it cool and avoid premature commitments. The responses were captured in the table below.

Table 4.6.3 Perceived positions by firms of their behaviour.

Statements	Frequency	Percentage
To be a leader in the industry	29	39.8
To be adapting to the industry needs (seizing opportunities)	30	41.0
To take it cool and avoid premature commitments.	14	19.2
Total	**73**	**100**

Source: Research Data

As shown in the table above majority of the organizations were considered to be adapting to the industry need by seizing opportunities (41%) and also were considered to be a leader in the industry (39.8%). However, a minority were seen to take it cool and avoided premature commitments as accounted for by 19.2%.

4.7. S.W.O.T Analysis

Table 4.7.1 Key factor that determine success in the pharmaceutical companies

Category label	Frequency	Percentage
Size of the market	21	19.8
Quality of the brands	27	25.5
Level of skills /quality of the field force	24	22.6
Efficiency &effectiveness of marketing	28	26.4
Proper customer management	3	2.8
Gathering and proper use of information	3	2.8
Total responses	**106**	**100.0**

Source: Research Data

Most respondents as shown on the table above, believed in efficiency &effectiveness of marketing, quality of the brands, quality of the field force in regard to level of skills acquired and the market size are the key determinants of success in the pharmaceutical companies.

Table 4.7.2 Main challenges experienced in the pharmaceutical companies

Category label	Frequency	Percentage
Price wars thus intense competition	20	21.1
Poor quality competitor cheap generic drug	21	22.1
Frequent loss of sales force	5	5.3
Parallel/illegal imports	20	21.1
Counterfeits	8	8.4
Lack of proper regulatory laws /govt in	9	9.5
Short product life cycles	9	9.5
Negative tendencies towards generic products	3	3.2
Total responses	**95**	**100.0**

Source: Research Data

There are various challenges which pharmaceutical companies face as illustrated above. Among these, poor quality competition especially with cheap generic drugs as portrayed by 22.1% of the respondents which in turn brings about price wars as felt by 21.1%, resulting to the generic drugs out competing original drugs which are very expensive. Thus the blame is to the Kenyan economy which is low/poor hence a high population is in the low and middle classes and therefore goes for cheaper drugs. On the other hand, 21.1% of the respondents expressed that Parallel/illegal imports, though the government aware about it and has done nothing, is also a challenge to them since this brings about price wars. Other challenges included the presence of counterfeit products in the market, lack of proper regulatory laws, short product life cycles, and frequent loss of sales force by being pouched to competitor firms.

Table 4.7.3 Opportunities in the pharmaceutical companies

Category label	Frequency	Percentage
Strong growth of market size	28	58.3
Local manufacturing	3	6.3
Improved government procurement system through tender a wards	6	12.5
Technology not fully exploited	3	6.3
Emerging diseases	6	12.5
Growing acceptance of branded generics	2	4.2
Total responses	**48**	**100.0**

Source: Research Data

The respondents foresaw some opportunities in business cycles of the pharmaceutical companies as illustrated above. Some of these include the strong growth of the market size as expressed by 58.3% of the respondents. This is due to the improving Kenyan economy, opening of doors to Ethiopia and Southern Sudan among others. The government procurement system through tendering has improved since there is transparency than before as expressed by 12.5% thus provides business opportunities, and the emergence of many diseases especially the lifestyle one e.g. diabetes and cancers among others giving promise of good sales of the pharmaceuticals products. Other opportunities identified by the respondents in the sector were those enhancing local manufacturing, exploitation of new technologies in the sector, and the growing acceptance of branded generics by the people.

Table 4.7.4 Threats in the pharmaceutical companies

Category label	Frequency	Percentage
More competitor firms registered	24	26.7
Price wars	16	17.8
Weak legislation and prosecution	22	24.4
Free and or cheap medicines from the govt	10	11.1
Conditions attached to donor funding of	5	5.6
Change of political scenarios after every election	10	11.1
Withdrawal and re-call of products by p&	3	3.3
Total responses	**90**	**100.0**

Source: Research Data

Even though there are many opportunities in the sector, the pharmaceutical companies face some threats for example, the emergency of many competitor firms which are registered which in turn create price war scenarios, legislation and prosecution proceedings are weak as portrayed by 24.4% of the respondents and therefore things like parallel/illegal imports counterfeits and illegal pharmaceutical operation are not dealt with accordingly, the free and or cheap medicines provided to the hospitals by the government denies these firms business opportunities and the change of political scenarios after every election which also changes government policies for example favours or gives special stress or recommendations on certain products thus blocking other products.

Table 4.7.5 the Firms' Strengths

Category label	Frequency	Percentage
Quality products	24	27.3
Skilled sales force	22	25.0
Efficient operation	19	21.6
Clear management and control structure	20	22.7
Government support	3	3.4
Total responses	**88**	**100.0**

Source: Research Data

When asked about their firms' strengths, majority or 27.3% of the respondents expressed that they produced quality products, 25% said that their sales force (sales and medical representatives) were skilled, existence of efficient operation (21.7%) and the existence of a clear management and control structure in their firms as indicated by 22.7%. However, a minority (3.4%) said that their firm's strength comes from the support accorded to them by the government of Kenya.

Table 4.7.6 The Firms' Weaknesses

Category label	Frequency	Responses
Parallel importation	3	10.3
Lack of IT for information processing	3	10.3
High prices	5	17.2
Limited production capacity	6	20.7
Bulky and low value products	6	20.7
High turnover of human resources	6	20.7
Total responses	**29**	**100.0**

Source: Research Data

About their weaknesses, it was realised that most firms as portrayed by 20.7% of the respondents in each case, experienced high turnover of human resources , bulky and low value products and limited production capacity. High prices as indicated by 17.2%of the respondents, Parallel importation were also practised by some firms and some firms do not have IT for information processing.

4.8 Strategic Management and Leadership

Table 4.8.1 Whether CEO(s) participate in Strategic planning

Response	Frequency	Percent
Yes	30	93.8
No	2	6.2
Total	**32**	**100.0**

Source: Research Data

As indicated above, majority or 93.8% of the respondents portrayed that indeed the CEO(s) do participate in the planning processes.

Table 4.8.2 Ranking of the importance of CEO's role in the planning process

Response	Frequency	Percent
Not important	2	8.7
Neutral	2	8.7
Important	6	26.1
Very important	13	56.5
Total	**23**	**100.0**

Source: Research Data

The CEO's role in the planning process was rated to be very important by the majority (56.5%) of the respondents and equally important by 26.1% of the respondents. However, a minority as represented by 8.7% of the respondents in each case said that their role in planning processes was not important or it was neutral.

Table 4.8.3 Presence of Board of directors

Response	Frequency	Percent
Yes	29	90.6
No	3	9.4
Total	**32**	**100.0**

Most or 90.6% of the firms had a board of directors only 9.4% did not have.

Table 4.8.4 Whether Board participates in planning

Response	Frequency	Percent
Yes	19	59.4
No	13	40.6
Total	**32**	**100.0**

Source: Research Data

As clearly illustrated in the table above, 59.4% of the board participated in planning while 40.6% did not participate.

Table 4.8.5 Ranking of the importance of the Boards' role in the planning process

Response	Frequency	Percent
Not important	6	26.1
Neutral	4	17.4
Important	6	26.1
Very important	7	30.4
Total	**23**	**100.0**

Source: Research Data

According to the table above, majority of the respondents implied that they had a very important or important role in the planning process as accounted for by 56.5%. A minority or 26.1% did not play an important role in the planning process.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 Summary of Research Findings

A practice of strategic management encompasses having to deal with the organization being able to develop its vision, mission and objectives clearly and ensuring that they meet their desired goals. From the study findings, it was discovered that most firms had a vision, a mission statement and set objectives which were either written or implied and these governed the day to day business operations of these firms.

Most of the mission statements, aimed at making the firms to be the leader in importing and distributing of the pharmaceutical products in the country. Management directors in collaboration with the marketing team, comes up with the mission statement and the senior management ensures that it is followed. However, the mission statements of most or 90% of the companies have never changed since they were developed. Those respondents who indicated that the mission statements had changed said that they did so as to be in line with the firms' activities due to the dynamic business environment.

It was noted that in most firm's board of directors in collaboration with the management level were the one responsible for setting the objectives and every one in the firm was aware about the existence of these objectives. There were three categories of objectives i.e. sales objectives which aimed at making the firm to be the regional/leading distributor of pharmaceutical products, brand objectives aimed at maintaining the quality of the product and also production of other new products of different molecules and. those aimed at the growth of the firm like market expansion and segmentation to other regions or countries and the acquisition of more/new agencies. Those, whose organizations didn't have the objectives, expressed the necessity to have them in their organization. However, it was discovered that there were some hindrances the firms encountered in the development of the objectives and these includes unfair competition from the manufacturers , those firms who already have formed mergers, development of the objectives becomes a great task owing to the complexity of integration, high staff turnover, government regulations on the limit and nature of the drugs to be imported, cross border protocols, rigid and unfriendly regulatory bodies and the setting of unrealistic objectives.

Most firms had strategies for operation which included growth, diversification and defensive strategies. These usually change with time so as to be in line with the dynamic business environment. On the other hand, the managers in consultation with the field force developed strategic plans which were short term, middle term or long term and these were documented. The strategic planning process in most companies was characterized by having clearly assigned responsibility for planning, timetables for preparation of plans formal and informal planning processes and also the existence of a planning department in the firm. However, in the process in developing and documenting the strategies these firms encounter different problems for example there is no serious commitment to these strategies, hence no follow ups made by the management, uncertainties and changes in market trends, budget constrains among others. Besides the challenges encountered during the development and documentation of these strategies, strategic plans are important since they play an important role in budget formulation, ensures coordination of activities, inhibits flexibility and adaptability and provides a means of analyzing new opportunities, From the findings, most firms through managers and medical sales representatives collected external data through market research/customer feedback, feedback from field force, workshops/training conferences and open forums, and through internet and media reports. Some of the information which the firms gathers from their competitors were mainly market share and marketing strategies, new product introduced in the market, prescription /general trend of prices, general information about the competitors with an aim of establishing the competitor's capacity to fight back, and updates of special offers/discounts so as to also change tactics of luring more customers. To some extent most firms attached importance to financial strength of the competitor, marketing skills, access to government institutions, and organizational internal resources. Further discoveries indicated that the external environment mainly ,general economic trend of the country, political and legal development, technological changes, social and cultural trends, population shifts and market trends, in one way or the other impact the organizational strategic planning focus in the sector.

It was discovered that, majority of the firms assessed their resources regularly and to a large extent attached great importance on some aspect of their organization like handling of customers complaints, winning customers loyalty, supplies of goods and services, growth rate of the sector, setting objectives, and also government regulatory influences.

From the SWOT analysis, the key factors that were discovered to determine success in the pharmaceutical companies includes: size of the market, quality of the brands, level of skills/quality of the field force and the efficiency &effectiveness of marketing. Equally, some opportunities were discovered in the business cycles of the pharmaceutical companies. These includes: the strong growth of the market size The government procurement system through tendering award has improved since there is transparency than before, the emergence of many diseases especially the lifestyle ones. Other opportunities identified in the sector were those enhancing local manufacturing, exploitation of new technologies in the sector, and the growing acceptance of branded generics by the people. However these firms encountered some challenges and threats in the sector which included Parallel/illegal imports, Poor quality competitors, cheap generic drug which also resulted to price wars thus intense competition, weak legislation and prosecution, counterfeits, short product life cycles, frequent loss of sales force members, change of political scenarios after every election and free donations and/or cheap medicines provided by the government to the public hospitals.

Even though most firms indicated that they had their own strengths like having quality products, skilled sales force, efficient operations, clear management and control structure and to others having government support, at the same time they had their own weaknesses. For example some had high turnover of human resources, produced bulky and low value products, some had limited production capacity, and hiked prices of their products and other were directly involved in parallel importation.

In strategic management and leadership, it was discovered that in most firms the CEO was superior in strategic planning and as compared to the board of directors, though the two, their role in management was equally important.

5.2 Conclusion

In conclusion, strategic management systems vary widely among companies. The degree to which participation, responsibilities, authority, and discretion in decision-making are specified depends on the firm's philosophy and this in turn governs the success of the firm. Strategic formulation activities results in better decision making and enhance the firm's ability to prevent problems. Therefore, the firms while developing their plans, they should embrace the aspect of strategic practices'since; strategic plans play an important role in budget formulation, coordination of activities, inhibits flexibility and adaptability and provides a means of analyzing new opportunities. Hence, the business managers will be equipped with timely management processes and this will enhance them greater access of the shrinking play field and intense competition.

5.3 Recommendations

The government should have strong legislations laws that bar parallel /illegal imports. Those found deviating from the laws should be prosecuted and face severe penalties. In this way price wars will be reduced and in turn reduce unhealthy competition. Also the government should subsidize some of the expensive original drug so as the common man can be in a position to buy and use them. By doing so, the pharmaceutical firms will win their fears against price wars which have made most people to go for cheaper generic drugs which have turned out to be compromised in quality.

The firms should insist on drawing both short term, middle term and long term strategic plans so as to enable the firm to clearly budget for its resources, its venture activities and daily operations. The firms should create room for all departments to develop their strategic plans and these should be amended and finally amalgamated to one document. This will meet the departmental targets and therefore enhance efficiency and effectiveness in the firms' operations. The involvement of employees in strategy formulation improves their understanding of the productivity – reward relationship in every strategic plan and, thus heightens their motivation. The workforce should be motivated by the firm in order to increase their retention and decrease the turnover rates.

5.4 Limitations of the study and Research Gaps

The study was limited to only those listed as pharmaceutical importers and distributors in Kenya (Source: East African Pharmaceutical Loci. Drug Index 7th edition.), because the government only registers companies as wholesalers and distributors and leaves the option of importation to any of these. The study used only a variant of the questionnaire method of data collection also ignored other methods of data collection.

The reluctance of some managers to respond, who would ordinarily be expected to be at the heart of championing such research studies, led to the average response rate of 58.3 %. Since the study was limited to pharmaceutical importers and distributors in Kenya, there is a need to carry out an extensive, similar study on all pharmaceutical firms in Kenya and the entire East Africa, so as to have a comprehensive report on the strategic management practices being undertaken by the pharmaceutical firms in Kenya and the major challenges facing this sector. This will help the government to come up with policy formulations related to the pharmaceutical industry and develop a regulation framework to guide this sector. Future studies should also incorporate other methods of data collection like personal interviews which allow for probing and in-depth analysis.

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LETTER OF INTRODUCTION

September 2006

Dear Respondent,

REF: REQUEST FOR RESEARCH DATA

I am a postgraduate student at the School of Business Studies at University of Nairobi, pursuing a course leading to a Master degree in Business Administration (MBA). In partial fulfilment of the requirements of the stated degree course, I am conducting a management research project, **"Strategic Management Practices by Pharmaceutical Importers and Distributors in Kenya".**

To achieve this, your organization is one of those selected for the study. I kindly request you to assist me in generating the required data for this study by filling in the attached questionnaire. This information will be used purely for academic purpose and all the information you disclose will be treated in strict confidence and in no instance will your name or that of the firm be mentioned in the final report.

A copy of the final study report shall upon request be availed to you.

Your assistance will be highly appreciated.

Yours sincerely,

KENN. OGOLLAH
(STUDENT)

PROF. EVANS AOSA
(SUPERVISOR)

QUESTIONNAIRE

The questionnaire below has been set in relation to the objectives of the study. All the questions are in relation to strategic management. Please answer all the questions. Incase any clarification is required, kindly get in touch with the researcher (Kenn. Ogollah) on telephone 0722 323 485 or email, kogollah@yahoo.com.

ORGANIZATIONAL PROFILE

1. Title of Respondent --
2. Name of Company --
3. Year of establishment --
4. Management/Ownership of the firm
   Wholly local [ ] Wholly foreign [ ]
   Partnership [ ] Individual [ ]

5 How many agencies does your organization have? ------------------------------------

6 Have you experienced any expansion since your firm began?
   [Yes] [No]

7 If yes, what factor contributed to this growth/expansion?

   ----

8 Have you experienced any decline since your firm began?
   [Yes] [No]

9 If yes, what factor contributed to this decline?

VISION, MISSION, OBJECTIVES AND OBJECTIVE SETTING

1. Does your firm have a vision? [Yes] [No]
2. Is the vision written or implied? (Tick one)
3. Do you have a mission statement for your firm? [Yes] [No]
4. If yes, what is it? (Brief description)

   ----
5. How is the mission statement communicated across the firm?
   [Written] [Symbols] [Implied] [Others] - (specify)
6. Has your mission statement been changed since the establishment of the firm?
   [Yes] [No]
7. If yes, why was the mission statement changed?

   ----
8. Who came up with the idea of the mission statement? ------------------------------------
9. Is everyone in the organization aware about it? [Yes] [No]
10. Who ensures that the mission statement is followed? ------------------------------------
11. Do you set long term objectives for your firm? [Yes] [No]
12. If no, do you think it is necessary to have objectives? [Yes] [No]

13. If yes, what are they? (Please rank them from the most to least important)

a) --
b) --
c) --
d) --

14. Indicate by ticking who is responsible for setting these objectives
[Board of Directors] [Chief Executive Officer] [Management Level]
[Others – Specify]
15. Are the objectives written? [Yes] [No]
16. Is everyone in the organization aware of the objectives? [Yes] [No]
17. How are the objectives communicated to them? --
18. What are the major hindrance(s) in developing the objectives? (Please rank them from the most to least important)

a) --
b) --
c) --

STRATEGIES AND STRATEGIC PLANS

1. Do you have strategic plans? [Yes] [No]
2. Has your firm developed any strategies for operation? [Yes] [No]
3. If yes, what are they?

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4. Have you changed these strategies over time? [Yes] [No]
5. Do you intend to maintain these current strategies? [Yes] [No]
6. Who are involved in the development of these strategies?
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7. Are these strategies in written form? [Yes] [No]
8. What time periods do your plans cover?
   a) Short term (0 – 3 years) [ ]
   b) Medium term (3 – 5 years) [ ]
   c) Long term (Over 5 years) [ ]
9. Indicate whether the following features characterize your planning process.
   a) Formal planning meetings [Yes] [No]
   b) Informal planning meetings [Yes] [No]
   c) Timetables for the preparation of plans [Yes] [No]
   d) Clearly assigned responsibility for planning [Yes] [No]
   e) Existence of a planning department [Yes] [No]
10. What problems if any, have you encountered in developing and documenting these strategies? (Please rank them from the most to least important)

a) --
b) --
c) --
d) --
e) --

11. Please indicate your level of agreement or disagreement about the following statements as regards to **planning** practices in your company.

(1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent)

Plays an important role in budget formulation	[1]	[2]	[3]	[4]	[5]
Ensures co-ordination of activities	[1]	[2]	[3]	[4]	[5]
Inhibits flexibility and adaptability	[1]	[2]	[3]	[4]	[5]
Provides a means of analyzing new opportunities	[1]	[2]	[3]	[4]	[5]
Constrains the use of initiatives by lower manager	[1]	[2]	[3]	[4]	[5]
Is a means of dealing with uncertainty	[1]	[2]	[3]	[4]	[5]
Is best done by managers in the firm	[1]	[2]	[3]	[4]	[5]
Diverts attention from operational issue	[1]	[2]	[3]	[4]	[5]
Is best done by planning experts	[1]	[2]	[3]	[4]	[5]

ENVIROMENTAL SCANNING

A) EXTERNAL ENVIRONMENT

1. Does your organization gather external data for planning? [Yes] [No]
2. How do you collect information from the external environment?

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3. Who is in charge of this activity? --
4. To what extent do the following impact on your organization's strategy planning?

(1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent)

General economic trends	[1]	[2]	[3]	[4]	[5]
Political and legal development	[1]	[2]	[3]	[4]	[5]
Competitors activities	[1]	[2]	[3]	[4]	[5]
Technological changes	[1]	[2]	[3]	[4]	[5]
Social and cultural trends	[1]	[2]	[3]	[4]	[5]
Population shifts and market trends	[1]	[2]	[3]	[4]	[5]
Organizations internal resources	[1]	[2]	[3]	[4]	[5]
Other environments	[1]	[2]	[3]	[4]	[5]

5. Would you describe your environment as stable or turbulent? (Please indicate your perception on the scale below by ticking one).

Very Stable Extremely Turbulent

[1] [2] [3] [4] [5]

COMPETITOR ANALYSIS

1. Does your firm regularly collect information about your competitors? [Yes] [No]

2. If yes, what kind of information do you gather?

----

3. Please indicate the level of importance your firm attaches to the following aspects of competition.
(1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent)

The goals of your competitors	[1]	[2]	[3]	[4]	[5]
Possible new entrants	[1]	[2]	[3]	[4]	[5]
Current strategies used by your competitors	[1]	[2]	[3]	[4]	[5]
The financial strength of your competitors	[1]	[2]	[3]	[4]	[5]
Competitors marketing practices	[1]	[2]	[3]	[4]	[5]
Competitors physical and human resources	[1]	[2]	[3]	[4]	[5]
The number of firms you are competing with	[1]	[2]	[3]	[4]	[5]
Special treatment by the Government	[1]	[2]	[3]	[4]	[5]
Access to Government institutions	[1]	[2]	[3]	[4]	[5]
Organizations internal resources	[1]	[2]	[3]	[4]	[5]

B) INTERNAL ENVIRONMENT

INTERNAL ANALYSIS

1. Do you make assessments of all your resources? [Yes] [No]
2. Do you consider your organization,
   a) To be a leader in the industry (setting standards)? [ ]
   b) To be adapting to the industry needs (seizing opportunities)? [ ]
   c) To take it cool and avoid premature commitments? [ ]
   d) To do all? [ ]
3. Please indicate the level of importance that your firm attaches to the following factors of the sector.
   (1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent)

Handling customers complaints	[1]	[2]	[3]	[4]	[5]
Winning customers loyalty	[1]	[2]	[3]	[4]	[5]
Suppliers of goods and services	[1]	[2]	[3]	[4]	[5]
Government regulatory influences	[1]	[2]	[3]	[4]	[5]
Growth rate of the sector	[1]	[2]	[3]	[4]	[5]
Exit/entry of firms in/out of sector	[1]	[2]	[3]	[4]	[5]
New strategic focus in the sector	[1]	[2]	[3]	[4]	[5]
Clearly defining your markets	[1]	[2]	[3]	[4]	[5]
Setting objectives for the defined markets	[1]	[2]	[3]	[4]	[5]

4. What do you consider to be your main strengths and weaknesses, if any?
   (Please rank them starting with the most to the least important)

Strengths	Weaknesses
a) --	a)--
b) --	b)--
c) --	c)--
d) --	d)--

INDUSTRY AND MARKET ANALYSIS (SWOT ANALYSIS)

1. What are the key factors that determine success in the pharmaceutical sector?
   a) --
   b) --
   c) --
   d) --
   e) --
2. What main challenges do you experience in this sector?
   a) --
   b) --
   c) --
   d) --
   e) --
3. What opportunities if any, do you see in this sector?
   a) --
   b) --
   c) --
   d) --
   e) --
4. What threats if any, do you see in this sector?
   a) --
   b) --
   c) --
   d) --
   e) --

ROLE OF CHIEF EXECUTIVE OFFICER

1. Does the CEO participate in strategic planning process? [Yes] [No]
2. Please rank their role in the strategic planning process. (Tick One)

Not Important				Very Important
[1]	[2]	[3]	[4]	[5]

ROLE OF THE BOARD OF DIRECTORS

1. Do you have a Board of Directors? [Yes] [No]
2. Does the Board participate in strategic planning process? [Yes] [No]
3. Please rank the importance of their role in your strategic planning process.

(Tick One)

Not Important				Very Important
[1]	[2]	[3]	[4]	[5]

THANK YOU FOR YOUR KIND CO-OPERATION

LIST OF IMPORTERS AND DISTRIBUTORS IN KENYA
(SOURCE: East African Pharmaceutical Loci. Drug Index 7th Edition)

1. Marketing Solutions Pharma
2. Omaera Pharmaceuticals Ltd
3. Seropharm Ltd
4. Surgipharm Limited
5. Philips Pharmaceuticals Ltd
6. Assia Pharmaceuticals Ltd
7. Mac Naughton (K) Ltd
8. Sai Pharmaceuticals Ltd
9. Pharma Specialities Ltd
10. Goodman Agencies Ltd
11. Zadchem Pharmacy Ltd
12. Europa Healthcare Ltd
13. Howse and Macgeorge Laborex Ltd
14. Harleys Limited
15. TwoKay Limited
16. Medisel (K) Ltd
17. Pan Pharma Ltd
18. Chemoquip Ltd
19. National Pharmacy
20. Kulal International Ltd
21. Bayer E.Africa
22. C.Mehta & Co. Ltd
23. Universal Pharmacy Ltd
24. Caroga Pharma (K) Ltd
25. Rhino (K) Ltd
26. Metro Pharmaceuticals Ltd
27. Globe Pharmacy Ltd
28. Highchem
29. Jos Hansen & Soehne E.A.
30. Kenya Swiss
31. Beta Healthcare International Ltd
32. Madawa Pharmaceuticals Ltd
33. Bakfa Ltd
34. Biodeal Laboratories Ltd
35. Armicon Pharmaceuticals Ltd
36. Pharma Share Ltd
37. Trinity Pharma Ltd
38. Shriji Chemist Ltd
39. Surgilinks Ltd
40. Mombasa Medical Stores Ltd
41. Cadilla Pharma (K) Ltd
42. KAM Pharmacy
43. Lords Healthcare Ltd
44. Deutshe Healthcare Ltd
45. Barkpharm Ltd

46. Cosmos Limited
47. Bulk Medicals Ltd
48. Crystal Chemicals
49. Medisco Ltd
50. Dawa Ltd
51. Didy Pharmaceuticals Ltd
52. Chemitex Ltd
53. Njimia Pharmaceuticals Ltd
54. Statim Pharmaceuticals Ltd
55. Medvet Supplies Ltd
56. Elys Ltd
57. Syner-Med
58. Roche Products (K) Ltd
59. Ray Pharmaceuticals Ltd
60. Healthwise Ltd
61. Gesto Pharmaceuticals Ltd
62. Glaxo Smith Kline
63. Eros Chemist Ltd
64. Far East Medical Clinic
65. High-Tech Pharmacuticals
66. Infusions (K) Ltd
67. Intas Exports Ltd
68. Kotec (K) Ltd
69. Laboratory & Allied Ltd
70. RupPharm Ltd
71. Ron Pharmacy Ltd
72. Mac's Pharmaceuticals
73. Opa Chemist Ltd
74. Twiga Chemicals
75. Salama Pharmaceuticals Ltd
76. Galaxy Pharmaceuticals Ltd
77. Nairobi Enterprise Ltd
78. Letap Ltd
79. Norvatis Pharma Services Incl.
80. Novelty Manufacturing Co.
81. E.T Monks
82. Intergen Healthcare Ltd
83. Sunphar Pharmaceuticals Ltd
84. Neema Pharmacy
85. Precious Pharmacy
86. Framin (K) Ltd
87. Reckitt Benckiser Ltd
88. Regal Pharmaceuticals Ltd
89. PharmaDist Ltd
90. Unicorn Pharma (K) Ltd
91. T3A Pharmaceuticals Ltd.
92. Wessex Pharmaceuticals
93. U.B. Pharma (K) Ltd

94. MacLawrence Pharmaceuticals
95. Medox Pharmacuticals
96. Aventis Pasteur
97. Modupharma
98. MEDS
99. Universal Corporation Ltd
100. Kenya Sterile Supplies ltd
101. Kemipharma
102. Manhar Brothers
103. Ray Pharmaceuticals
104. Nestle Food Kenya ltd