AN INVESTIGATION OF THE STRATEGIC PLANNING PRACTICES OF LOCAL PHARMACEUTICAL MANUFACTURING FIRMS IN KENYA AND FACTORS INFLUENCING THE PRACTICES

BY

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DECLARATION

This project is my original work and has not been submitted for a degree in any other University

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DEDICATION:

To my beloved parents Mr. Benjamin Sagwa and Mrs. Dorcas Sagwa, and the entire Sagwa family for the unwavering support, love and encouragement throughout my studies.

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TABLE OF CONTENTS

Acknowledgements..i

Table of Contents..ii

List of Tables..iv

List of Appendices..vii

List of Abbreviations..viii

Abstract..ix

CHAPTER ONE: INTRODUCTION..1

1.1 Background to the study..1

1.2 The local pharmaceutical manufacturing industry..4

1.3 The problem statement..8

1.4 Research objectives..10

1.5 Importance of the study..10

1.6 Scope of the study..11

1.7 Outline of the report..11

CHAPTER TWO: LITERATURE REVIEW..13

2.0 Approaches to strategic planning..13

2.1 The strategic planning process model..17

2.2 Environmental analysis..18

2.3 Establishing organizational direction..21

2.4 Strategic analysis and choice..25

2.3 Factors influencing strategic planning practices..26

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY..............27

3.1 Study population...27

3.2 Data collection...27

3.3 Data analysis..28

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.................................29

4.1 The strategic planning practices...29

4.2 Factors influencing the strategic planning practices of local pharmaceutical manufacturers..42

CHAPTER FIVE: SUMMARY, DISCUSSIONS AND CONCLUSIONS..........55

5.1 Summary of findings...55

5.2 Discussions..58

5.3 Conclusions..66

5.4 Limitations of the study..68

5.5 Suggestions for further research...69

5.6 Recommendations for policy and practice...70

REFERENCES..71

LIST OF TABLES

4.01: How information is collected on the various aspects of the business environment................29

4.02: Responsibility for collecting information on various aspects of the business environment......30

4.03: Who undertakes environmental scanning and analysis for your company?..........................30

4.04: Tools and techniques used in strategic forecasting..31

4.05: Competitor analysis..31

4.06: Approaches used to analyze competitor performance..32

4.07: Presence of a strategic planning department...32

4.08: Nature of strategic planning...33

4.09: Presence of a mission statement...33

4.10: Planning horizon..34

4.11: Frequency of revision of strategic plans...34

4.12: Responsibility for strategic planning in the organization...35

4.13: Order of performance of the various tasks of the strategic planning process......................35

4.14: Nature of the companies' objectives..36

4.15: Participants in the setting of corporate objectives..37

4.16: Features that characterize the strategic planning process..38

4.17: Constituencies to which strategy is communicated...38

4.18: Tools used in strategic planning...39

4.19: Approaches used in strategic planning...39

4.20: Company values..40

4.21: Company size and presence of a strategic planning department......................................41

4.22: Age of the company and nature of strategic planning...42

4.23: Company size and nature of strategic planning...43

4.24: Company ownership nature of strategic planning..44

4.25: Stability of business environment and nature of the strategic planning horizon...................45

4.26: Frequency of revision of strategic plans and environmental stability..................................46

4.27: Company ownership and responsibility for strategic planning..46

4.28: Caliber of senior management and tools/techniques used in strategic forecasting.................47

4.29: Company ownership and communication of strategy..48

4.30: Responsibility for environmental scanning and company size..48

4.31: Caliber of senior management and sequence of strategic planning..49

4.32: Company ownership and participants in the setting of corporate objectives..50

4.33: Nature of strategic planning and how information on the various aspects of the business environment is collected..50

4.34: Caliber of senior management and tools used in strategic planning..51

4.35: Business scope and nature of strategic planning..52

4.36: Nature of strategic planning and order of importance of corporate values..53

4.37: Caliber of senior management and order of importance of corporate values..54

LIST OF APPENDICES

I. Sample letter..76

II. List of companies studied..77

III. Questionnaire...78

IV. Raw data..87

V. Cross-tabulations...102

LIST OF ABBREVIATIONS

COMMESA- COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

DANNIDA– DANNISH INTERNATIONAL DEVELOPMENT AGENCY

FINNIDA-FINNISH INTERNATIONAL DEVELOPMENT AGENCY

FKPM-FEDERATION OF KENYAN PHARMACEUTICAL MANUFACTURERS

G.O.K- GOVERNMENT OF KENYA

PSK- PHARMACEUTICAL SOCIETY OF KENYA

SIDA –SWEDISH INTERNATIONAL DEVELOPMENT AGENCY

WHO- WORLD HEALTH ORGANIZATION

ABSTRACT

The aim of this study was two prong; (i) to determine the strategic planning practices of the local pharmaceutical manufactures in Kenya, and (ii) to identify the key factors influencing the strategic planning practices of the firms in the industry. This industry was selected because of its highly indigenous nature, its vulnerability to the changes in the local, regional and global environment, and the private nature of the businesses in the industry.

Other than the study carried out by Aosa in 1992 on aspects of strategy formulation within large, private manufacturing companies in Kenya, there has been no other study that has been done so far, that is dedicated to strategic planning in manufacturing firms in Kenya, yet a lot of events have transpired in the external business environment that have a major influence on the way managers practice strategic planning in Kenya.

Although the researcher did not anticipate marked differences in the way strategic planning is undertaken by these firms as compared with those quoted in strategic management theory, it is worthwhile to investigate if there are any peculiarities that can be discovered, given the unique circumstances of the firms, especially given that they operate in an upcoming and developing economy.

To achieve these objectives, primary data was collected by use of a questionnaire targeted at senior managers in the companies, because of their involvement in strategy formulation. A census study was done. The questionnaires were personally administered through a drop and collect later approach. The data collected was

analyzed using the SPSS version 10 statistical computer package and the results were presented by use of simple descriptive statistics like frequencies, modes, means and percentages.

Upon the interpretation of the findings, it was found that the strategic planning practices of the local pharmaceutical manufacturers in Kenya were similar to those proposed in strategic management theory, and also to those reported in literature from studies conducted in other parts of the world, or similar studies done on other industries.

Secondly, a number of factors were found to have an influence on the strategic planning practices of the firms studied. Such factors include; company age, company size, company ownership, the caliber of senior management, the scope of the company's business and the environmental stability. Again, these findings agree with those quoted in strategic management theory and in literature.

In conclusion, there is a great deal of congruence between strategic planning as promulgated by strategic management theorists and strategic planning practices as performed by the practitioners of strategy in real life.

CHAPTER ONE

1.0: INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The pharmaceutical industry is a very important sector of any economy. The availability of good quality pharmaceutical and health care products ranging from complicated injectable medicines, vaccines etc, to simple pain killer tablets or ointments, is a matter of prime importance and priority to human kind.

Kenya's local pharmaceutical industry is playing a key role in the healthcare sector and in the manufacture of pharmaceutical and health care products. The industry relies heavily on imported raw materials, over 95% of the raw material inputs are imported (Ministry of Commerce and Industry, 1996). The reliance on imported raw materials has been the biggest hindrance to the development of this industry. However, there are a few locally sourced raw materials, which include; maize starch, refined sugar, glucose syrup, rectified spirit, ethanol, sodium chloride and packaging materials.

The government policy is to create an enabling environment geared towards the development of the pharmaceutical industrial sector. As mentioned in the National Development plan (G.O.K, 1996), the government intends to encourage production of bulk raw materials locally for use by the local pharmaceutical companies thus reducing the heavy reliance on imported raw material input.

Some of the incentives provided to the pharmaceutical sector include; the zero-rating of tax on most raw materials inputs, minimal application of import duty to most machinery used in the pharmaceutical sector and the recommendation to abolish all import duties on machinery and equipment for the pharmaceutical industrial sector.

Kenyan's pharmaceutical industry is the largest in the COMESA region. Infact, it is claimed to be the third largest in Africa. Nearly half of the COMESA pharmaceutical industry is located in Kenya. That is, out of the fifty (50) recognized COMESA pharmaceutical industries, twenty-four (24) are located in Kenya, (G.O.K, 1996).

Like any other developing country, Kenya embraced the Alma Alta declaration of "Health for all by the year 2000" and set various policy measures to achieve this goal; which included the establishment of a National drug policy, the Kenya National Drug Policy. Therein was the Essential drugs concept. The key tenets of the Kenya National Drug Policy is the availability of safe, efficacious and quality drugs that are accessible and affordable to all Kenyans. This was operationalized through the Essential drugs programme. Kenya adopted the Essential Drugs Program back in 1981, and implemented it with the support of such donor agencies as: DANIDA, WHO, SIDA, and FINNIDA.

In 1980, the Federation of Kenya Pharmaceutical Manufacturers (FKPM) was formed. The objective of the federation was to represent the pharmaceutical manufacturers in various fora and champion their interests. The federation also emphasizes on quality production among its members. According to the Federation, there is need for "a healthy nation at affordable cost". This can only be achieved by promoting the pharmaceutical industry at both the private and Government level. This would lower medical costs especially in providing pharmaceutical products, which are affordable to the local people.

In this regard, the government has continued to encourage the pharmaceutical industry to apply more aggressive strategies to secure export markets in order to fully utilize their installed capacities (Ministry of Commerce and Industry 1996).

Kenya pharmaceutical industries produce over 90% of the medicines on the essential drug list although overall capacity utilization stands at around 40%. For all the pharmaceutical products made locally, the industry is able to meet the local demand and even export to the COMESA region.

Because of the heavy reliance by the industry on imported raw materials, most locally manufactured pharmaceutical products end up being more expensive than the imported finished products, making them less competitive in both the local and foreign markets. It is therefore difficult for the local pharmaceutical industry to compete effectively with the imported finished formulations, which are normally manufactured more cost effectively under mass production basis, thus enjoying the benefits of economies of scale and also industry experience curve effects.

1.2 THE LOCAL PHARMACEUTICAL INDUSTRY

A pharmaceutical firm is one engaged in the research, development, formulation, production or distribution of medicinal substances.

In Kenya, two major categories of pharmaceutical firms can be identified.

a) Those that are subsidiaries of foreign based multinational pharmaceutical corporations, for example Glaxosmithkline, Pfizer Laboratories, Norvatis Pharma, Aventis Pharma, Eli Lily and so on.

b) Those that are locally incorporated and owned by Kenyan Nationals such as Cosmos, Regal Pharmaceuticals, Elys Chemicals Ltd., Laboratory And Allied, Mac's Pharmaceuticals, Gesto Pharmaceuticals, Sphinx Pharmaceuticals etc.

Vinayak (2000) has categorized the pharmaceutical business in Kenya as follows:

Manufacturing Companies

These are companies importing raw material and manufacturing finished products, which they market and sell in Kenya and in neighboring countries. A majority of these are local firms, though few are subsidiaries of multinationals.

Multinationals

These are companies importing finished research-based pharmaceutical products into the country. Some of these multinationals undertake all the 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.

Kenyan Agents

These are local firms importing and marketing finished pharmaceutical products through contractual arrangements with foreign manufacturers.

Local Traders

These are local firms engaged only in distribution and trading of pharmaceutical products.

In his work, Mbau (2000) observes that pharmaceutical firms in Kenya operate under three different forms, with the following percentage distribution of each category.

Manufacturers- 31.8%, Distributors - 59.1%, Both - 9.1%.

He concludes that firms, whose operations are in the distribution of pharmaceuticals, dominate the Kenyan pharmaceutical industry.

However, it should be noted that manufacturers constitute a significant proportion (32%) of the pharmaceutical business in Kenya.

Although the country is well endowed with pharmaceutical manufacturers, it appears that their capacity utilization is low. Indeed, Owino (1988) observed that most pharmaceutical firms in Kenya were operating at or below 30% capacity, and that the way forward was through export promotion to utilize the excess capacity.

The pharmaceutical manufacturing industry in Kenya is a rapidly developing sector. It has expanded and diversified in product manufacture over the years to become one of the largest in COMESA.

Kenya pharmaceutical industry grew out of packaging operations started by multinational companies about 40 years ago. (Ministry of Commerce and Industry, 1996). From 1972 onwards, Kenyans began supplementing multinational effort by setting up industries for pharmaceutical products.

Kenya has about 24 manufacturers of various pharmaceutical products. The major pharmaceutical manufacturers include Glaxosmithkline, Regal Pharmaceuticals Elys Chemical Industries, Laboratory and Allied Ltd., Cosmos Ltd, MACS Pharmaceuticals and Dawa Pharmaceuticals, which was recently placed under receivership.

The range of products manufactured by the firms in Kenya is wide and includes; Antibiotics, Antimalarials, Antiamoebics, Analgesics, Antidiarrhoeals, Antacids, Tranquilizers, Antispasmostics, and Vitamins, all of which are modeled along the W.H.O essential drug list.

Three different levels of pharmaceutical production are recognized. These are primary, secondary and tertiary production as explained below, (Managing Drug Supply, 1997).

Primary production: This is the manufacture of raw materials, such as the active pharmaceutical ingredients and ancillary substances used in pharmaceutical formulations, or intermediary products and packaging materials.

Secondary production: This is the large scale processing of finished dosage forms from raw materials or intermediate products, often from both local and imported sources. Production of sterile preparations, such as injections, antibiotics and intravenous fluids, and non sterile preparations such as oral solids, liquids and topical preparations, can be carried out with either locally produced or imported materials. This level of production uses modern, high-speed precision equipment to turn out pills, capsules, liquids and semi-solids in huge quantities often at very low unit costs. It is this level of production that is predominant in Kenya.

Tertiary production: This includes the packaging and labeling of finished products from primary and secondary sources into bulk packs, smaller dispensing bottles or Course of Therapy (COT) units for individual use.

The initial quality of pharmaceutical product established at the earlier phases of production must be maintained in the tertiary and final step.

This type of production is often developed first in many countries as a profitable and productive contribution that also builds industrial skill and experience.

Over the last twenty years, Kenya's pharmaceutical market has increased eightfold, from a base that consisted of virtually all imported medicines.

The essential drugs concept was adopted in 1981 with external donor support, and the local drug market has moved to a point where more than twenty local producers hold a 25 percent market share (Managing Drug Supply, 1997).

This growth in local capacity occurred in the face of many constraints like foreign exchange controls and taxes on raw materials, machinery and packaging materials, slow and cumbersome payment procedures for local purchases, borrowing at market interest rates of over 30 percent and external source requirements attached by donors.

Despite these constraints, local pharmaceutical production grew with the development of the economy to the present day state.

The availability of quality, safe, affordable and efficacious drugs is critical to the success of any health care program. Drugs are part of the final link between patients and health services.

1.3 THE PROBLEM STATEMENT

Numerous studies have been carried out in different parts of the world on various aspects of strategic management, including strategy formulation. Examples of the studies include, those by Thune and House (1970), Gilmore (1971), Herold (1972), Shelty (1979), Ginter et al (1985), Malik and Basu (1986), Hambrick (1987), Harrison (1987), Mescon and Tilson (1987), Thakur (1998) and Keith et al (1998).

Although these studies have covered most of the aspects of strategic management, research on the factors influencing strategic planning has been scanty. Its only recently that Keith et al (1998), studied strategic decision making in small and medium companies in Europe, in which they elucidated on some of the factors influencing strategic decision making or strategic planning.

Majority of these studies have been done in the developed world settings. Very little work has been undertaken in the developing world, especially Africa. Indeed, Nambudiri and Saiyadain (1978), observe that long-term planning is not well developed in the developing countries. In the 1980's, there were few studies done in corporate strategic planning in Africa. They include works by Woodburn (1984) in South Africa, Adegbite (1986) in Nigeria, and Fubura (1986) in Nigeria also.

In Kenya, Shumbisho (1983), Aosa (1992), Shimba (1993), Karemu (1993) and Kangoro (1998), are some of the researchers who have looked at aspects of corporate strategy. They have looked at corporate strategic planning in Kenyan firms, aspects of strategy formulation among private manufacturing firms, in the financial sector, the state of strategic management in the retailing sector and in the public sector organizations, in that order.

Although Aosa studied aspects of strategy formulation within large private manufacturing companies in Kenya in 1992, his work did not look at the factors influencing strategy formulation within the companies. Furthermore, there have been considerable events in the external environment since his research 1992 to the present that have greatly influenced the way companies formulate strategy. For instance, the effects of liberalization of the Kenyan economy, regionalization and globalization are now very profound.
Other than being manufacturers, the local pharmaceutical manufacturers are largely privately owned business with a heavy family involvement, making them a unique group, which should be researched on.

Therefore, this research attempts to address two issues not hitherto covered in previous researches. The first question is; How do the local pharmaceutical manufacturers undertake strategic planning?

Secondly, what factors influence their strategic planning practices?

1.4 RESEARCH OBJECTIVES

1.To identify the strategic planning practices of local pharmaceutical manufacturers in Kenya.

2. To identify some the factors influencing the strategic planning practice of the companies.

1.5 IMPORTANCE OF THE STUDY

It is anticipated that the findings of the study will be of value to the following groups:

1.The pharmaceutical firms shall be able to use the findings and recommendations of the study to develop better strategic management practices.

2.Scholars, academicians and researchers will also find the study a useful starting point for further research in various aspects of strategic management.

3.Other interested organizations including the Federation of Kenya Pharmaceutical Manufacturers, The Pharmaceutical Society of Kenya, The Ministry of Health and other relevant departments of the government shall hopefully find the outcome of this research useful.

1.6 SCOPE OF THE STUDY

This study focussed on the strategic planning practices of local pharmaceutical manufacturers only. The study did not look at the other aspects of strategic management because of the importance and the primordial nature of strategic planning, which drives the entire strategic management process.

It also looked at the factors influencing the strategic management practices of these firms so as to elucidate on key factors that influence the practice of strategic planning in the firms. The study was limited to the local pharmaceutical manufacturers in Kenya only.

1.8 OUTLINE OF THE REPORT

This report will have five chapters arranged as follows:

Chapter One: This is the introductory chapter. It will provide the background information, statement of the research problem, research objectives, importance and scope of the study.

Chapter Two will contain the literature review. First, we will look at the strategic management model, then the strategic planning practices of firms under the various components of the process. Finally, we will look at the factors that influence strategic planning practices of the firms under study.

Chapter Three is dedicated to the research methodology employed in the study. It will look at the population of the study, data collection methods and methods of data analysis.

Chapter Four will present the findings of the study. It will include data analysis and interpretations.

Chapter Five will contain a discussion, summary of the findings and conclusions as well as the implications of the study to policy and practice.

CHAPTER TWO

2.0 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 APPROACHES TO STRATEGIC PLANNING

Pearce and Robinson (1991), define strategic management as *" that set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives".*

Strategic management involves the planning, directing, organizing and controlling of a company's strategy-related decisions and actions. In other words, strategic management entails strategic planning. Strategic planning is therefore a sub-component of the strategic management process and provides a framework for managerial strategic decisions.

What therefore is strategy formulation (or strategic planning)? Strategy formulation 'refers to the active management function of establishing organizational direction, setting objectives and devising a managerial game plan for the organization to pursue' (Thompson and Strickland, 1989)

In their quest to answer the question; How do strategies form in an organization? Mintzberg and Water (1985) contend that strategy formulation is not just an analytical process of establishing long-range goals and actions for an organization. Rather, strategy could be viewed as a 'pattern in a stream of decisions'. The two coin the terms 'deliberate' and 'emergent' strategies and see them as two ends of a continuum along which real world strategies lie. They further classify strategies as being intended, realized, unrealized and emergent.

Different approaches to strategy development or strategic planning have been suggested in the literature by various authors and researchers.

Johnson and Scholes (1999) have identified three approaches to strategy development as a deliberate and planned managerial process. These are the planning view, the command view and the logical incremental view.

In the planning view, strategies are proposed to develop through a rational and formalized sequence of analytical and evaluative procedures.

The command view is where strategy develops through the direction of an individual or group, but not necessarily through formal planning. The strategy could be an outcome of an autocratic leader or dominant leader who becomes personally associated with strategy development of the organization. Such individuals may be the owner or co-founder or a political appointee of the organization. Usually, such organizations are small enterprises or public sector organizations.

The logical incremental view sees strategy to develop through small stepwise responses to a gradually changing environment. This view is similar to that advanced by Mintzberg and Waters (1985), that strategy is a pattern in a stream of decisions.

Strategic planning could also be formal or informal. Formality in strategic planning refers to the degree to which participants, responsibilities, authority and discretion in decision-making are specified (Pearce and Robinson, 1997). Formal analytical processes are characterized by the use of analytical tools and methodologies to help managers reach a better quality of strategic decisions. Greater formality has been positively correlated with corporate success (Hofer and Schendel, 1978).

In her study in Kenya, Kangoro (1998), found that public sector organizations engage in strategic management to varying degrees. Ninety four percent (94%) of the firms studied had a formal strategic development process, while six percent (6%) indicated that strategy formulation was informal.

The informal approaches to strategy are characterized by executive bargaining and negotiation, building of coalitions and the practice of 'muddling through' (Hax and Majluf, 1996). Informal planning is usually intuitive and under the influence of a visionary figure. Aosa (1992), studied private manufacturing companies in Kenya and found that majority of the companies had no explicit mission statements, implying a high level of informality.

Formal strategic planning usually ends up with a document, the strategic plan. A strategic plan is a comprehensive statement about the organization's mission and future direction, near-term and long-term performance targets and how management intends to produce the desired results to fulfil the mission, given the organization's situation (Thompson and Strickland, 1989).

In their research findings, Malik and Basu (1986), report that strategic planners outperform non-planners by a wide margin in almost all major financial indicators of organizational efficiency.

In addition, Herold (1972), observed that planners were better than non-planners at identifying opportunities, setting goals and objectives and setting proper strategies and effective tactics to achieve them, as evidenced by their higher growth rate and higher operational efficiency ratios. The researchers also point out that planners are more aggressive than non-planners in pursuit of business objectives.

In their study of chemical and drug industries, Thune and House (1970) also found that long-range planning pays off.

Denning and Lehr, (1972) argue that the introduction of formal systematic corporate long-range planning is a managerial response to two separate sets of needs of which one is strategic. They report a strong positive relationship between the introduction of Long Range Planning (read strategic planning) and a high rate of technological change, size of company, capital intensity and complexity.

Organizations usually develop various types of plans. Malik and Basu (1986), identify three kinds of plans, strategic plans, short-range plans and operational plans. This appears to be the practice within most organizations, Kenya being no exception.

Nambudiri and Saiyadain (1978), observe that long-term planning (strategic planning) is not well developed in the developing countries. They point out that where formal long-term planning is undertaken, it is mainly in larger organizations, most of which are subsidiaries of multinational corporations.

So then, how is formal strategic planning undertaken? This question is discussed next, under the strategic planning process model.

2.1 THE STRATEGIC PLANNING PROCESS MODEL

Planning is generally given as the first function of management. Almost every other function of management is carried out in reference to planning.

Similarly, strategic planning precedes all the other processes of strategic management. The figure below illustrates the strategic planning process.

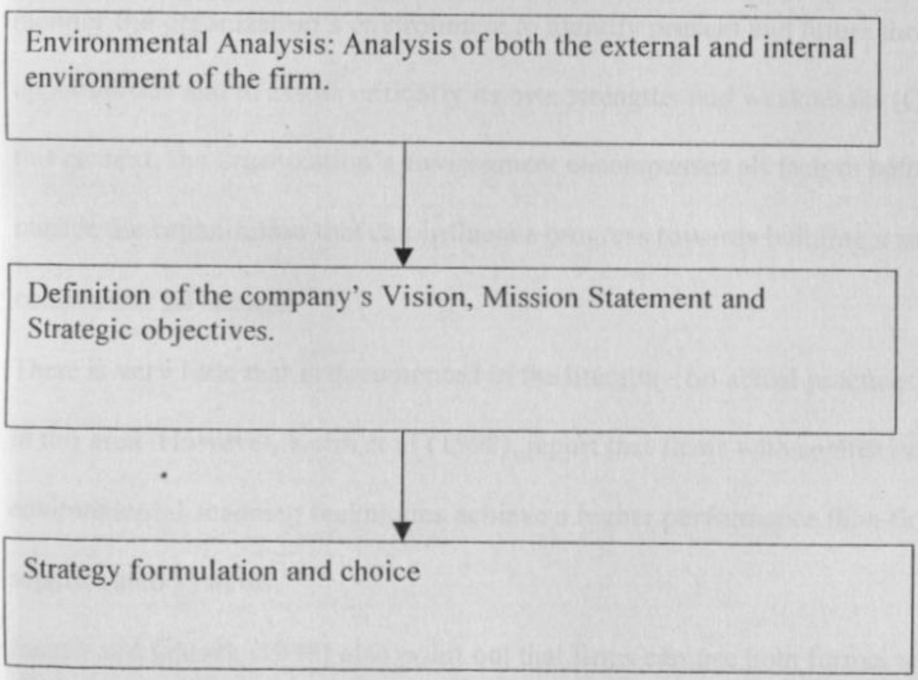

Figure 2.1: Basic model of the strategic planning process.

Source: Adapted from Certo, 1995

There are variations in actual practice in the approaches adopted by managers in the way they undertake the different components of the strategic planning process. Seldom will it be a neat process as depicted above. Ginter et al (1985), have stated that strategic management process is not as well defined, logical and explicit as models suggest. Rather, strategies are more unintended (Mintzberg, 1978), incremental (Lindblom, 1979,Quinn, 1978), and political (Fahey, 1981).

2.1.1 Environmental analysis

Strategic planning begins with environmental analysis, which is a formal procedure to monitor the organization's environment to identify present and future threats and opportunities and to assess critically its own strengths and weaknesses (Certo, 1995). In this context, the organization's environment encompasses all factors both inside and outside the organization that can influence progress towards building a sustainable competitive advantage.

There is very little that is documented in the literature on actual practices by companies in this area. However, Keith et al (1998), report that firms with sophisticated environmental scanning techniques achieve a higher performance than firms with less sophisticated systems.

Jaunch and Glueck (1998) also point out that firms can use both formal and informal methods in analyzing their environment.

There are various approaches to formal environmental analysis. This could be analysis of the political, economic, social and technological aspects of the environment (PEST analysis), Porter's five forces model, strategic group analysis and SWOT analysis, for the external environment and value chain analysis, functional analysis for the internal environment (Pearce and Robinson, 1991).

SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the external Opportunities and Threats facing the firm (Pearce and Robinson 1991). This is an easy to use technique through which managers create a quick overview of a company's strategic situation.

This approach is based on the assumption that an effective strategy derives from a sound 'fit' between a firm's internal capabilities and its external environment. A good fit maximizes a firm's strengths and opportunities and minimizes its weaknesses and threats.

External environmental industry analysis provides the information needed to identify opportunities and threats in a firm's environment. Internal environmental analysis provides information about a company's strengths and weaknesses.

Key internal factors and functions are a firm's basic capabilities and limitations. The functional approach involves a scrutiny of key organizational functions like marketing, finance and accounting, production and operations, quality management, information systems, personnel, organization and general management, to identify an organization's strengths and weaknesses.

The Value chain analysis is based on the assumption that a business's basic purpose is to create value for consumers of its products and services. In value chain analysis, managers divide the activities of the organization into sets of separate activities that add value. By identifying and examining these activities, managers acquire an in-depth understanding of the firm's capabilities; it's cost structure and how these create competitive advantage or disadvantage.

Value chain analysis divides a firm into two major categories; primary and secondary. Primary activities, which are those activities involved in the physical creation of a product, marketing and transfer to the buyer and after sale support. Support activities, which assist the primary activities by providing infrastructure, input, that allows them to take place on an ongoing basis.

The value chain includes a profit margin, which is a markup above the cost of providing the firms value-adding activities. This profit margin is normally part of the price paid by the buyer (Porter, 1980).

The strategist assesses the future before making a diagnosis. This is done by forecasting, (Jaunch.LR, Glueck WF, 1988). According to these authors, the analysis is done by means of a search of both verbal and written information, spying, forecasting and formal studies and information systems. Verbal sources include, the media suck as television and radio, employees of the firm and outsiders, for example customers, members of the distribution channels, competitors, and the government.

Written sources include documentary information like newspapers, trade publications, industry newsletters and general publications.

Pearce and Robinson (1991) and Majlux (1995), identify a number of tools that can be used by managers in environmental forecasting and analysis. The qualitative, subjective tools are; The Delphi method, focus groups, brainstorming and so on. Quantitative tools include the simulation techniques, regression analysis, time series models, trend extrapolation, strategic gap analysis, market opportunity analysis, product life cycle analysis and the use of experience curves.

2.1.2 Establishing organizational direction

This is the stage in which managers establish the company's vision, mission statement and strategic objectives

As a primary function, strategic planning is important in setting organizational direction, focusing managerial effort, defining the organization and providing consistency in an effort to outsmart competitors, (Mintzberg, 1987).

The three main indicators of the direction in which an organization is moving are its vision, mission statement and strategic objectives (Certo, 1995).

The most basic direction-setting question facing the senior managers of any enterprise are; "what is our business and what will it be"? (Thompson and Strickland, 1989.)

An organization's vision includes its aspirations, values and philosophies at their most general levels. The strategic vision of a company is difficult to define and is usually embodied in the person of the company's Chief Executive Officer. Mission statements translate broad visions into more specific statements of organizational purpose.

Mission statement

A mission statement is an expression that states why a company exists. It is a broad statement of the company's purpose for existence.

Two key strategic decisions have to be addressed when defining the mission of the business. The two are; (i) defining the business scope, which determines where to compete and (ii) developing the unique competencies associated to the business, which determines how to compete.

In addition two sets of information should be contained in the mission statement. These are;(i) a clear definition of the current and future expected business scope, expressed as a broad description of the products, markets and geographical coverage of the business, within a reasonable timeframe, usually 3-5 years. (ii) Selection of competencies that uniquely distinguish the business from others in the same industry. They define the way the business pursues a sustainable competitive advantage.

Strategic objectives

Strategic objectives are statements of the results a firm seeks to achieve over a specified period of time, usually five years.

To achieve long-term prosperity, strategic planners commonly establish long-term objectives in the following areas namely, profitability, productivity, efficiency, use of resources, growth and expansion, employee development technological leadership, public responsibility (Hofer CW and Schendel, 1978, Pearce and Robinson, 1991,). In identifying the various practices in this stage of strategic planning, the following questions are pertinent.

Who is responsible for strategic planning in the organization? This is a question that has interested many researchers in strategic management. Hambrick (1987) argues that top management teams are important in the strategic success of the organization, hence should be involved in strategy formulation. This is the top-down approach to strategic planning.

Should a company's board of directors be involved in strategic planning? This question is discussed next.

In his research, Harrison (1987), identifies two types of boards. One, the management support (operating committee), and secondly, the monitoring or oversight committee. He advances the argument that board committees can also serve strategic purposes for the firm.

In general practice, most boards still leave strategic planning to the Chief Executive Officer and the corporate staff, which raises two issues. First, whether boards should be actively involved in developing corporate strategy, or should they play an oversight role to ensure that management is engaging in a formal process of formulating strategy, and to review and approve the strategic plans developed by management. Second, whether the board should have a committee responsible for considering strategy.

In surveys of large American corporations, both Henke and Walde found that boards were more likely to be involved in an oversight role than in a formulation role. (Harrison, 1987).

On the other hand, boards do not involve themselves in strategy formulation because of the CEO's opposition, for fear of diluting his power and also because most directors lack the time and knowledge required for strategic decisions.

Thakur (1998) studied fifty-six (56) US based medium sized manufacturing firms and concluded that strategy making should not be the job of an elitist group alone. Middle level managers need to be involved too.

Thus it can be seen that depending on the company size, the board can either be directly involved in strategic planning or could only play an oversight role.

The other question is; **Should firms focus on economic goals only?**

Business entities have continued to pursue both economic and social objectives. According to Mescon and Tilson, (1987), the management of corporate philanthropy has become an integral component of the strategic planning process. In their article, they quote Garvin as saying, '...............to succeed in business, we have to share some of that profit for public good'.

Shelty (1979), further reports that the drug industry is acutely alert at social responsibility issues and less concerned with growth. He also points out that large firms give a relatively more attention to socially oriented goals, while small companies attach more importance to economic goals.

Companies invest in philanthropy and social responsibility through sponsorship in sports, arts, concerts, festivals, gifts to the community and the like, (Mescon and Tilson, 1987). Indeed, philanthropy has developed into a vital component of corporate strategic management. Do these practices reflect those of the local pharmaceutical manufacturers?

2.1.3 Strategic analysis and choice

This is the stage where strategies that have been developed in the earlier stages are evaluated for suitability using various criteria and chosen for implementation.

Various portfolio approaches have been developed to aid strategic analysis and choice among the strategic alternatives generated. The following are examples of such models; BCG Growth-Share matrix, The Industry Attractiveness-Business Strength matrix and the Ansoff's Product-Mission matrix

Literature on rational strategic decision-making suggests that the more extensive the use of analytical techniques, the better the chance a firm has in selecting the optimal strategy. There is some evidence that even after extensive analysis and discussion, managers will tend to use gut feel and intuition in selecting the strategy of a firm, (Keith et al, 1998).

In small firms, strategic managers tend to be the founders of the firm and thus usually provide a vision, which is difficult to dislodge. Small firm managers may therefore be less rational (or less formal) in their strategic decision making process because of the owner manager's personal characteristics. (Keith et al, 1998). A strong personal influence of the founder will tend to decrease rationality in the decision making process. In their findings, they report that the more people there are involved in the strategic decision-making process, the greater the possibility of political activities taking place (less rationality).

2.2 FACTORS INFLUENCING STRATEGIC PLANNING PRACTICES

Many researches on the factors influencing strategic planning practices have been cited in the literature. It has been postulated that the size of an organization influences the nature of its corporate goals. Large firms give relatively more attention to socially oriented goals, while small companies attach more importance to economic goals (Shelty, 1979).

Gilmore (1971), argues that small and medium sized companies do not have the benefit of planning departments, operations research groups and the like. Such firms therefore need a simple, practical approach to strategy formulation.

Thompson and Strickland (1989) also observe that in small owner managed companies, strategy making is developed informally, often never being reduced in writing but existing mainly in the entrepreneurs mind, and in oral understanding with key subordinates. The large firms however, tend to develop their strategic plans via an annual strategic planning cycle, complete with prescribed procedures, forms and time-tables, that includes board management participation, lots of studies and multiple meetings to probe and question. This exercise usually ends up in written strategic plans.

Such views are shared by Keith et al (1998), who assert that because of their size, small firms cannot afford the strategic planning staffs and personnel that large firms possess.

In their research, they defined small firms as those with less than one hundred (100) employees. They also note that 'senior management' in small firms usually means one individual and not a group of managers.

Other than size of the firm, these researchers also identify three other strategy influencing factors; Power and politics, External control and Managerial characteristics.

CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Study Population

At the time of this research, there were thirty-one, (31) registered pharmaceutical manufacturers in Kenya, (Kenya Gazette, 2000). However, some of these companies were subsidiaries of foreign based multinational companies, some had stopped their manufacturing operations, while others were only manufacturing cosmetic products only and not pharmaceutical products. This left only twenty (20) local pharmaceutical manufacturing companies, which constituted the population of this study.

All the local pharmaceutical manufacturers studied were located in Nairobi and its environs. A census study was conducted on these firms, because of the small study population.

The respondents were Chief Executive Officers, general managers or any other top company manager involved in strategic planning and strategic management of the firm, (Thompson and Strickland).

3.2 Data collection

The study used primary data only.

Primary data was collected using questionnaires addressed to each respondent, and administered through a drop and pick later approach. The questionnaire contained both open and close-ended questions as well as structured questions. It was made up of two sections, A and B.

Section A consisted of questions aimed at obtaining general information about the pharmaceutical firms. Section B focused on their strategic planning practices, (see appendix III).

The firms were contacted by telephone and appointments with appropriate respondents made.

The questionnaires were filled in the presence of the researcher so as to allow and provide guidance and clarifications to the respondents.

3.3 Data analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Descriptive statistics was used to analyze the data collected. The descriptive statistics used include proportions, means, modes, percentages, as well as cross tabulation, which have been presented as tables.

CHAPTER FOUR

4.0 DATA ANALYSIS AND FINDINGS

A total of twenty (20) questionnaires were sent to each and every company in the study population. Out of this, sixteen (16) were filled, representing an 80% response rate. This was considered satisfactory.

After editing and coding the responses, the data was fed into a computer and analyzed using the SPSS VERSION 10 software. The raw results are shown in appendix IV. Below is a presentation of the findings.

4.1 STRATEGIC PLANNING PRACTICES

4.1.1 ANALYSIS OF THE ENVIRONMENT

Table 4.01: How information is collected on the various aspects of the business environment

Method used	Frequency	Percentage
Search for information from both verbal and written sources	15	94%
Competitor spying	0	0
Forecasting	0	0
Use of formal studies	0	0
No response	1	6%
Total	16	100%

In Table 4.01 above, 94% of the companies studied search for information on the various aspects of the business environment using both verbal and written sources. This finding is similar to an observation by Jaunch and Glueck (1988) that firms can use both formal and informal sources in analyzing the environment.

Table 4.02: Responsibility for collecting information on various aspects of the business environment

Responsibility	Frequency	Percentages
The corporate planning department	0	0
Market research /Marketing department	7	44%
All departments	7	44%
Market research company	0	0
Hired consultant	0	0
A specially designate individual	1	6%
No one	0	0
No response	1	6%
Total	16	100%

In 88% of the companies, either the marketing department (44%) or all the departments in the organization (44%) were in charge of collecting information on the various aspects of the business environment. Since most of the firms studied were small, family owned businesses with few departments, it is not surprising that they make use of all of their departments to collect information about their business environments.

Table 4.03: Who undertakes environmental scanning and analysis for your company

Who?	Frequency	Percentage
A specifically assigned department	0	0
A hired consultant	1	6%
Market research company	2	13%
Individual department heads	9	56%
No response	4	25%
Total	16	100%

Individual department heads in 56% of the companies carry out environmental scanning and analysis, probably because most companies cannot afford to have a specifically designated department for that purpose. In 19% of the firms, they use external sources like hired consultants or market research companies.

Table 4.04: Tools and Techniques used in strategic forecasting

Tool/ Technique	Frequency	Percentages
Using qualitative subjective methods like brainstorming and focus groups	3	19%
Using quantitative methods like trend extrapolation, regression analysis and simulation	3	19%
Using both qualitative and quantitative methods	8	50%
No response	2	12%
Total	16	100%

Half (50%) of the companies studied use both qualitative and quantitative methods in strategic forecasting. The use of both approaches is considered to be superior to the use of either one of the approaches.

Table 4.05: Competitor analysis

Competitor analysis	Frequency	Percentage
Yes	12	75%
No	3	19%
No response	1	6%
Total	16	100%

It can be observed from the table above that 75% of the firms reported to carry out competitor analysis probably because competition was considered a key factor in their strategic planning.

Table 4.06: Approaches used to analyze competitor performance

Approach	Frequency	Percentage
Absolute sales turnover	2	13%
Market share analysis	8	50%
Price comparisons	1	6%
Strategic group analysis	1	6%
No response	4	25%
Total	16	100%

The most popular approaches used in analyzing competitor performance were market share analysis by 50% of the firms and absolute sales turnover by 13% of the firms, probably because of their relative ease of use. The use of strategic group analysis was rare (by 6% of the firms) perhaps because most of the managers were not familiar with the technique. Although price comparisons can be argued to be the easiest approach among the four, only one company (6%) employed it, probably because of its limited strategic value to most managers.

4.1.2 DEFINING CORPORATE VISION, MISSION AND STRATEGIC OBJECTIVES

Table 4.07: Presence of a strategic planning department

Present	Frequency	Percentages
Yes	5	31%
No	11	69%
Total	16	100%

According to the findings in table 4.07, 69% of the firms studied, do not have a strategic planning department perhaps because they are small hence cannot afford to have such a department. This is not a peculiar finding. Nambudiri and Saiyadain (1978) found that long term planning was not well developed in developing countries. They also noted that where formal long term planning was undertaken, it was mainly in large organizations, most of which were subsidiaries of multinational corporations.

Table 4.08: Nature of strategic planning

Nature	Frequency	Percentage
No strategic planning	2	13%
Formal strategic planning	9	56%
Informal strategic planning	5	31%
Total	16	100%

Just over half of the companies studied (56%) have formal strategic planning, while 31% of the firms employ informal strategic planning approaches. In fact it is the researcher's contention that if investigated further, the two companies that reported not to have strategic planning could possibly be having an informal approach. This agrees with Mintzberg (1985) who sees strategic planning to be a continuum from informal to formal.

Table 4.09: Presence of a mission statement

Present	Frequency	Percentage
Yes, a written one	6	38%
Yes, an unwritten one	6	38%
No	4	25%
Total	16	100%

An equal number of companies studied (38%), reported to have either written mission statements or unwritten ones. The rest did not have any mission statements. As cited in literature, firms can either have written or unwritten mission statements.

Table 4.10: Planning horizon

Horizon	Frequency	Percentage
Less than 3 years	2	13%
3-5 years	10	63%
Over 5 years	1	6%
No response	3	18%
Total	16	100%

The predominant planning horizon is between 3-5 years, as practiced by 63% of the companies studied. This is a good enough period as it is neither too long nor too short and it allows management to project into a foreseeable future.

Table 4.11: Frequency of revision of strategic plans

Frequency	Number	Percentage
Annually	7	44%
2-3 years	1	6%
Above 4 years	1	6%
As frequently as required	2	13%
No response	5	31%
Total	16	100%

An annual revision of the strategic plans is adopted by 44% of the firms because such a yearly review ensures that the strategic plans are still relevant to the circumstances of the firm. It also ensures a better strategic control of the plans.

Table 4.12: Responsibility for strategic planning in the organization

Responsibility	Frequency	Percentage
Board of directors	6	38%
Chief Executive Officer	4	25%
Senior managers	3	19%
Consultant	1	6%
No response	2	13%
Total	16	100%

In 63% of the companies, either the board of directors (38%) or the chief executive officer (25%) is responsible for strategic planning. This is expected because they constitute the strategic apex of the company, hence are responsible for the strategic steering of the company. Furthermore, this finding reveals that the board of directors can be actively involved in strategy formulation, especially in the small and medium sized companies.

Table 4.13: Order of performance of the various tasks of the strategic planning process

Order	Frequency	Percentage
1,2,5,3,4	1	6%
1,2,5,4,3	1	6%
2,1,3,4,5	4	25%
2,1,4,3,5	1	6%
2,1,5,4,3	1	6%
2,3,1,5,4	1	6%
No response	7	44%
Total	16	100%

KEY: 1-Analysis of external environment
2-Analysis of internal environment
3-Defining or revising the corporate vision, mission and strategic objectives
4-Developing corporate strategies
5-Choosing the appropriate strategy

From Table 4.13 above, it can be seen that 37% of the firms start their strategic planning process by initially analyzing their internal environment, then followed by the external environment. This approach agrees well with literature, which states that strategic planning starts with environmental analysis, although in practice their exists variations, for example, whether to start with the analysis of the external environment or internal environment. 25% of the companies perform the strategic planning process in the following order: analysis of the internal environment, analysis of the external environment, defining or revising the corporate vision, mission and strategic objectives, developing corporate strategies and finally choosing the appropriate strategy. This approach follows that cited in literature. However, it should be noted that there were other companies that follow other approaches. The variations in the order of performance of the various tasks of strategic planning agree with Ginter et al (1985), who postulates that strategic planning is not a well-defined logical and explicit process as models suggest.

Hence there are variations in actual practice in the approaches adopted by managers in the way they undertake the different components of the strategic planning process.

Table 4.14: Nature of the companies' objectives

Objective	Frequency	Percentage
Short term	2	13%
Medium term	3	19%
Long term	3	19%
Both short term and long term	5	30%
No response	3	19%
Total	16	100%

In Table 4.14 above, 30% of the companies studied reported to have both short term and long-term corporate objectives.

Table 4.15: Participants in the setting of corporate objectives

Participants	Frequency	Percentage
Board of directors	6	38%
Chief Executive Officer	2	13%
Senior managers	5	31%
No response	3	19%
Total	16	100%

Again 38% of the companies reported that the boards of directors participate in the setting of corporate objectives, while another 31% indicated that senior managers are involved.

According to Hambrick (1987), top management teams are important in the strategic success of the organization, hence should be involved in strategy formulation. Harrison (1987) asserts that board committees can also play a role in a company's strategy formulation.

In addition, depending on the size of the firm, senior managers could also be responsible for strategy formulation in the firm. Infact, Thakur (1998), who studied fifty-six medium sized American based manufacturing firms, concluded that strategy making should not be the job of an elitist group alone. Middle level managers need to be involved too.

Table 4.16: Features that characterize the strategic planning process

Feature	Frequency	Percentage
Formal meetings	9	56%
Informal planning interactions	6	38%
Time-tables for plan preparations, clearly assigned responsibilities for planning	0	0
Have a planning department	0	0
No response	1	6%
Total	16	100%

From the findings in Table 4.16, 56% of the firms studied characterized their strategic planning process as formal, while 38 % characterized it as informal. This shows that a greater proportion of the firms investigated use formal approaches in their strategic planning practices.

Table 4.17: Constituencies to which strategy is communicated

Constituent	Frequency	Percentage
Internally in the organization	8	50%
Externally to relevant constituencies	0	0
Both internally and externally	3	19%
No response	5	31%
Total	16	100%

In Table 4.17 above, it can be seen that 50% of the companies communicate their strategy internally, while 19% communicate both internally and externally. None of the companies studied communicates their strategy solely to external constituencies such as creditors, financiers and suppliers.

Table 4.18: Tools used in strategic planning

Tool	Frequency	Percentage
SWOT analysis	8	50%
Strategic gap analysis	1	6%
PEST analysis	2	13%
Portfolio matrices	0	0
No response	5	31%
Total	16	100%

Observe in Table 4.18 above that 50% of the companies indicated to use SWOT analysis in their strategic planning. This is probably because it is a well-known tool amongst many managers in Kenya and that it is relatively easy to use. 13% indicated to use PEST analysis.

4.1.3 STRATEGIC ANALYSIS AND CHOICE

Table 4.19: Approaches used in selecting appropriate strategy

Approach	Frequency	Percentage
Using intuition and gut feel	5	31%
Using rational and analytical decision making processes	8	50%
Negotiation with key stakeholders	1	6%
No response	2	13%
Total	16	100%

The results in the table above indicate that 50% of the firms use rational and analytical decision-making processes while 31 % use gut feel and intuition.

Keith et al (1998), have indicated that despite extensive analysis and discussion, managers tend to use gut feel and intuition in selecting the appropriate strategy of the firm. They also argue that in small firms, strategic managers tend to be founders of the firm, thus usually provide a vision, which is difficult to dislodge. Small firm managers may therefore be less rational in their strategic decision making process.

Table 4.20: Company values

Value	Frequency	Percentage
1,4,2,3	4	25%
1,3,2,4	5	31%
1,4,3,2	1	6%
2,4,1,3	1	6%
2,3,1,4	1	6%
No response	4	25%
Total	16	100%

KEY: 1-Quality 3-Customer satisfaction
2-Corporate Image 4-Business ethics

It should be noted that quality is ranked very highly by 62% of the respondents. This is because of the stringent quality concerns by consumers of pharmaceutical products that have forced the pharmaceutical manufactures to consider it in their strategy.

The pharmaceutical manufacturers do not focus on economic goals only, they have values too.

4.2 FACTORS AFFECTING STRATEGIC PLANNING PRACTICES

Literature suggests the following four factors as influencing the strategic planning practices of a firm. These are company size, company age, company ownership, and the characteristics of management amongst other related factors.

In this work, I have attempted to establish whether these factors and others affect the strategic planning practices of the companies studied. Towards this end, cross-tabulation of various variables were used, which yielded the following results. For details of the results on cross-tabulations, refer to appendix V.

Table 4.21: Company size (number of permanent employees) and presence of a strategic planning department

Number of Permanent Employees	Classification of company size	Presence of strategic planning department.	Absence of strategic planning department	TOTALS
0-25	Small	1	2	3
26-75	Medium	2	7	9
76 and More	Large	2	2	4
TOTALS		5	11	16

A pattern was noted between company size, as determined by the number of permanent employees and the presence of strategic planning in a company.

Thirty one percent (31%) of the total medium and large companies studied had a strategic planning department; while only one of the small companies had a strategic planning department. Out of the eleven companies that did not have a strategic planning department, nine or eighty two percent (82%) were either medium or large companies, the rest (18%) were small companies.

One would have expected that all the large companies studied had a strategic planning department. However, this was not the case because the approach used to categorize the companies into various sizes was relative and not absolute. In actual fact, when compared to firms in other industries, the local pharmaceutical manufacturers are indeed small firms, hence the finding that majority of them have no strategic planning departments.

Gilmore (1971) noted that small and medium sized companies do not have the benefit of planning departments and such firms therefore need a simple, practical approach to strategy formulation.

Table 4.22: Age of the company and nature of strategic planning

Number of years in operation	Classification of company age	Formal strategic planning	Informal strategic planning	No strategic planning	TOTALS
1-10	Young	2	3	1	6
11-30	Middle age	5	1	0	6
31-40	Old	2	1	0	3
Over 40	Very old	0	0	1	1
TOTALS		9	5	2	16

In Table 4.22 above, observe that; of the young companies, one (16%) didn't have any strategic planning, two (34%) had formal strategic planning and three (50%) had informal strategic planning.

Observe that seven (7) or 64% of the medium aged-to-old companies (11-40 yrs) had formal strategic planning, while two had informal strategic planning

The one very old company (over 40 yrs) had no strategic planning, because it was a small family owned business.

It is clear from these findings that older companies tend to employ more formal approaches to strategic planning compared to younger companies, which predominantly employ informal strategic planning.

Table 4.23: Company size (number of employees) and nature of strategic planning

Number of permanent employees	Classification of company size	Formal strategic planning	Informal strategic planning	No strategic planning	TOTALS
0-25	Small	1	1	1	3
26-75	Medium	5	3	1	9
Over 76	Large	3	1	0	4
TOTALS		9	5	2	16

According to Table 4.23, of the small companies, one (33%) didn't have any strategic planning, one (33%) had formal strategic planning and one (33%) had an informal strategic planning.

Among the medium sized companies, five (56%) had formal strategic planning; three (33%) had strategic informal planning, while one (11%) didn't have strategic planning.

Among the large companies, three (75%) had formal strategic planning, while one (25%) had informal strategic planning.

It should be observed that all (100%) of the large companies practiced strategic planning and that 75% of the large companies tend to use formal approaches to strategic planning as compared to the smaller companies.

According to Thompson and Strickland (1989), large firms tend to develop their strategic plans formally via annual strategic planning cycles, complete with prescribed procedures, forms and timetables.

Table 4.24: Company ownership and nature of strategic planning

Ownership	Formality	Informality	No strategic planning	TOTALS
Private	8	5	2	15
Public	1	0	0	1
TOTALS	9	5	2	16

There was only one public company, which is government owned, and this had a formal strategic planning process.

However, 87% of the private companies had either formal strategic planning (53%) or informal strategic planning (34%).

Only two (13%) of the private companies didn't have strategic planning.

Thompson and Strickland (1989), argue that in small owner managed companies, strategy making is developed informally, often never being reduced to writing but existing mainly in the entrepreneur's mind and in an oral understanding with key subordinates.

Since 94% of the companies studied were privately owned, and given that only one (6%) was a public (government owned) company, it will be inappropriate to draw concrete conclusions about the relationship between company ownership and nature of strategic planning. Despite this setback, it is important to note that the single public company had a very well defined formal strategic planning process, suggesting that public sector companies practice formal strategic planning.

Table 4.25: Stability of business environment and nature of the strategic planning horizon

Strategic Planning Horizon	Stable Environment	Unstable Environment
Less than 3 years	0	2
3-5 years	2	8
More than 5 years	0	1
TOTALS	2	11

Of the thirteen (13) companies that responded to this question, two (15%) view the environment as stable, and had a 3-5 year planning horizon.

Among the eleven (11) companies, which consider their environment as unstable, two (18%) had a short (less than 3 years) planning horizon, while eight (73%) had a medium (3-5 years) planning horizon and the remaining one a long planning horizon.

These findings suggest that a company's perception of the stability of the business environment influences the strategic planning horizon adopted by the company.

However, because of the small population of the companies studied, the relationship between stable environment and a long term planning horizon was not observed.

Table 4.26: Frequency of revision of strategic plans and environmental stability

Frequency of Revision	Stable environment	Unstable environment	TOTALS
Annually	1	6	7
2-3 yearly	0	1	1
Over 3 years	0	1	1
TOTALS	1	8	9

Looking at Table 4.26, majority (6) or 86% of the companies that revise their plans annually consider their business environment as unstable. This is expected because an unstable, unpredictable environment warrants a more frequent revision of the strategic plans to ensure that the plans are congruent to the environmental conditions facing the firm.

Table 4.27: Company ownership and responsibility for strategic planning

Ownership	Board of directors	Chief executive officers	Senior Managers	Others	TOTALS
Private	6	4	2	1	13
Public	0	0	1	0	1
TOTALS	6	4	3	1	14

In 77% of the private companies, either the Board of Directors (46%) or the C.E.O's (31%), who also are the owners of the company, have a strong involvement in the strategic planning process of the company. This is due to the fact that they are deeply and intimately concerned about the survival of the company.

In two (15%) of the companies, the senior managers are responsible for strategic planning and these are mainly family businesses.

The one public company studied reported that strategic planning in the company is all-inclusive, involving the entire range of senior managers, which includes the Chief Executive Officer. In the same company, the Board of Directors has a diminished involvement in the company's strategic planning process.

Table 4.28: Caliber of senior management and tools/techniques used in strategic forecasting

Caliber of Senior Managers	Qualitative tools	Quantitative tools	Both quantitative and qualitative	TOTALS
No technical or management training	0	1	1	2
Technical specialist with no mgt training	2	2	2	6
Technical specialist with mgt training	1	0	3	4
Professional managers	0	0	2	2
TOTALS	3	3	8	14

Senior managers with no technical and management training tend to use simple quantitative or qualitative methods of strategic forecasting, while those with management training rely on both qualitative and quantitative methods. Formal management training is important in equipping managers with the skills necessary to effectively process and interpret information, that forms a vital input in the strategic decision making process.

Table 4.29: Company ownership and communication of strategy

Ownership	Internally	Externally	TOTALS
Private	7	3	10
Public	1	0	1
TOTALS	8	3	11

From Table 4.29 above, it can be seen that 70% of the private companies communicate their strategy internally and these are family owned businesses. 30% of the companies communicate their strategy externally.

Being private and family businesses, the managers prefer to keep information on the company's strategy secret and hidden from external parties in the false belief that any exposure will lead to out maneuvering by their competitors.

Table 4.30: Responsibility for environmental scanning and company size (number of permanent employees)

Number of permanent employees	Classification of company size	Hired consultant	Market research firm	Individual departments	TOTALS
0-25	Small	0	0	1	1
26-75	Medium	0	1	7	8
Above 75	Large	1	1	1	3
TOTALS		1	2	9	12

In small companies (0-25 employees) as well as medium sized ones (26-75), environmental scanning is largely the responsibility of individual departmental heads. Large companies (above 75 employees) use both internal departmental heads and external agents, like market research companies and hired consultants.

As the companies grow in size, there is an increase in the resources available; hence they are able to afford external services like market research companies and consultants.

On the other hand, smaller companies with limited resources are only able to utilize their meager resources to scan the environment.

Table 4.31: Caliber of senior management and sequence of strategic planning

Caliber of senior management	2,1,3,4,5	2,1,4,3,5	1,2,5,3,4	2,3,1,5,4	1,2,5,4,3	6	TOTALS
No technical and mgt training	0	0	0	0	1	0	1
Technical specialist with no management training	1	1	0	1	0	1	4
Technical specialist with management training	2	0	1	0	0	0	3
Professional managers	1	0	0	0	0	0	1
TOTALS	4	1	1	1	1	1	9

It appears that those companies whose managers have formal management training use predominantly the following sequence;

- Analysis of internal environment
- Analysis of external environment
- Defining or revising the company's mission statement and strategic objectives
- Developing strategies
- Choosing the appropriate strategy.

The sequence above reflects the steps proposed by many authors on strategic planning. The practice in the industry, however, is to analyze the internal environmental analysis first, followed by external environmental analysis. This approach could be seen as a resource based approach, in which a company appraises and identifies its strengths and unique competencies first then uses them to tackle opportunities in the environment, as opposed to the identification of the opportunities first, then the creation of strengths and competencies to handle them.

Table 4.32: Company ownership and participants in the setting of corporate objectives

Ownership	Board of directors	Chief executive officers	Senior Managers	TOTALS
Private	6	2	4	12
Public	0	0	1	1
TOTALS	6	2	5	13

In 67% of the private companies, the board of directors (50%) and the C.E.O's (17%) predominantly participate in setting the company's objectives.

Table 4.33: Nature of strategic planning and how information on the various aspects of the business environment is collected

	No strategic planning	Formal strategic planning	Informal strategic planning	TOTALS
Using both verbal and written sources	1	9	5	15

Companies with formal strategic planning, which represent 60% of the companies studied, predominantly search for information using both verbal and written sources.

Table 4.34: Caliber of senior management and tools used in strategic planning

Caliber of senior management	SWOT analysis	Strategic gap analysis	PEST analysis	TOTALS
No technical and management training	2	0	0	2
Technical specialist with no management training	2	0	2	4
Technical specialist with management training	2	1	0	3
Professional managers	2	0	0	2
TOTALS	8	1	2	11

Companies whose senior managers have no management training use PEST analysis alone. This method is considered to be quite easy to use. Those whose senior managers have management training use predominantly SWOT analysis and even strategic gap analysis, which are considered to be superior to PEST analysis.

Table 4.35: Business scope and nature of strategic planning

Nature of strategic planning	Local (within the country)	Regional (within Africa)	Global (across continents)	TOTALS
No strategic planning	2	0	0	2
Formal strategic planning	3	5	1	9
Informal strategic planning	2	2	1	5
TOTALS	7	7	2	16

All those companies without a strategic planning function (13%) operate only locally. The rest (87%) with either formal or informal strategic planning, operate both locally, regionally and globally.

The scope of a company's business appears to influence the presence or absence of strategic planning in a company. Companies without any strategic planning function all have a local focus only. Those with an external focus have a strategic planning function. This could be due to the reason that external business markets are usually more demanding and complex in nature, thus requiring companies to plan well in order to succeed in such markets.

Table 4.36: Nature of strategic planning and order of importance of corporate values

Nature of strategic planning	1,4,2,3	1,3,2,4	1,4,3,2	2,4,1,3	2,3,1,4	TOTALS
Formal	2	4	0	1	0	7
Informal	2	1	1	0	1	5
TOTALS	4	5	1	1	1	12

KEY: 1-Quality 3-Customer satisfaction
2-Corporate Image 4-Business ethics

It can be observed from Table 4.36 above that 86% of the companies with formal strategic planning consider the following to be the order of importance of corporate values;

Quality, customer satisfaction, corporate image and business (57%)

Quality, business ethics, corporate image and customer satisfaction (29%)

It should be noted that quality is very important among the industry.

Those with an informal strategic planning chose liberally, with no apparent pattern.

Table 4.37: Caliber of senior management and the order of importance of the corporate values

Caliber of senior management	1,4,2,3	1,3,2,4	1,4,3,2	2,4,1,3	2,3,1,4	TOTALS
No technical and management training	0	1	0	0	0	1
Technical specialist with no management training	4	1	1	0	1	7
Technical specialist with management training	0	2	0	0	0	2
Professional managers	0	1	0	1	0	2
TOTALS	4	5	1	1	1	12

KEY: 1-Quality 3-Customer satisfaction
2-Corporate Image 4-Business ethics

Those companies (25%) whose senior managers have management-training chose predominantly; Quality, customer satisfaction, corporate image and then business ethics

CHAPTER FIVE

5.0 SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 SUMMARY OF FINDINGS

This study had two research objectives, namely (i) To identify the strategic planning practices of the local pharmaceutical manufacturers and (ii) To identify the factors that influence the practices. In order to identify the strategic planning practices, the researcher followed the following steps of formal strategic planning as adopted from the literature;

- Environmental analysis
- Defining or revising company vision, mission and strategic objectives
- Developing strategies
- Choosing appropriate strategies

5.1.1 Environmental analysis

The business environment of a firm can be divided into two components, the external business component and the internal business component. The external environment comprises all those factors external to the business, like the political, economic, social and technological factors, competitors, suppliers and customers. The internal environment includes resources, facilities and competencies possessed by the business.

In this study, the term environmental analysis has been used to denote the external business environment. The practices investigated relate to the external environment.

The following practices were identified. 94% of the companies studied were found to search for information on the various aspects of the business environment using both verbal and written sources. In 44% of the companies, collection of information on the various aspects of the business environment was the responsibility of the marketing department, while in another 44% of the companies; it was the responsibility of all the departments in the organization. In 56% of the companies, individual department heads carried out environmental scanning and analysis, while19% use external agents like hired consultants and market research companies. Of the firms studied, 50% use both qualitative and quantitative methods of strategic forecasting. Asked whether they carry out competitor analysis, 75% of the firms studied reported to do so. The most popular approaches used for competitor analysis were market share analysis, as used in 50% of the companies and absolute sales turnover in 13% of the companies.

5.1.2 Defining corporate vision, mission and strategic objectives

It was found that 69% of the companies studied lack a strategic planning department, probably because they cannot afford to have such a department, given their small size. 56% of the companies practice formal strategic planning, 31% practice informal strategic planning, 38% have a written mission statement and 38% have unwritten mission statements.

In addition, 63% of the companies have a 3-5 year strategic planning horizon, while 44% reported to revise their strategic plans annually.

In 63% of the companies, either the board of directors (38%) or the chief executive officer (25%) was responsible for strategic planning. 37% of the companies start their strategic planning process by initially analyzing their internal environment, followed by the analysis of the external environment. 30% of the companies have both short term and long-term objectives, 13% have short-term objectives, 19% have both medium term objectives, while 19% have long-term objectives. 38% reported the board of directors to participate in the setting of corporate objectives, while 31% reported the participation of senior management.

In 56% of the companies, formal meetings characterize the strategic planning process, whereas in 38%, it is characterized by informal planning interactions. 50% of the companies use SWOT technique in analyzing their environment, while 13% use PEST analysis. 50% of the companies communicate their strategy internally, while 19% communicate both internally and externally.

5.1.3 Strategic planning and choice

It was found that in 50% of the companies studied, the managers use rational-analytical decision-making processes, while 13% use gut feel and intuition. In 62% of the companies, quality is ranked highly.

5.1.4: Factors influencing their strategic planning practices

The strategic planning practices of the local pharmaceutical manufacturers were found to be influenced by a number of factors, among them the following; company size, company ownership, company age, caliber of senior management, stability of the business environment and business scope.

5.2 DISCUSSIONS

5.2.1 The strategic planning practices

In this section, a discussion of the strategic planning practices that were investigated shall be made, under appropriate sub-headings.

Collection of information on the various aspects of the business environment

In 94% of the companies studied, this was found to be done through the use of both verbal and written sources. Certo and Peter (1993) cite numerous sources of information that managers can use, like journals, reports, professional meetings, conferences, employees and consultants. In addition, Jaunch and Glueck (1988), state that a firm can use both formal and informal sources in analyzing the environment.

Responsibility for collecting information on various aspects of the business environment

In 88% of the companies, either the marketing department or every department in the organization was responsible for the collection of required information. None of the companies studied had a corporate planning department, (Table 4.02). This could be attributed to the small size of these companies, making them resort to vesting this responsibility with one of the existing functional departments like the marketing or finance department. The marketing department is favored by 44% of the companies because it is the only department that directly interacts with the external business environment, hence most appropriately placed for this function.

Tools and techniques used in strategic forecasting

The different types of tools and techniques that could be employed in strategic forecasting can be broadly classified as qualitative or quantitative. From Table 4.03, 50% of the companies studied use both qualitative and quantitative methods in strategic forecasting. The use of both methods is considered to yield better information as compared to the single use of either of the methods. Some of the techniques, such as seeking expert opinions, can be fairly simple, while others, such as trend extrapolation, can be quite complex, (Certo, 1993).

Competitor analysis

Competitor analysis is important in helping a firm to identify its position in the market, relative to its business rivals. In Table 4.05, observe that 75% of the firms carry out competitor analysis. There are several ways of doing competitor analysis like relative market share or relative price position, (Koch, 1995). The most popular approach used by the local pharmaceutical manufacturers was market share analysis, used by 50% of the companies (Table 4.06), probably because of its relative ease of use. The use of strategic group analysis is rare, probably because it is a technique that is not familiar with the management.

Presence of a strategic planning department

According to Table 4.07, 69% of the firms studied do not have a strategic planning department. This might be because majority of the firms that comprise this industry are not big enough to afford separate and functional strategic planning departments. However, as the companies grow in size, it is expected that they will create a strategic or corporate planning department, dedicated to the task of crafting the firm's strategy.

Nature of strategic planning

From Table 4.08, 56% of the companies studied reported to practice formal strategic planning, while 31% reported to practice informal strategic planning. This reveals that formality is favored more by the firms, because it streamlines the strategic planning processes of these firms.

Presence of a mission statement

According to the findings in Table 4.09, 76% of the firms have a mission statement. In 38% of the companies, it is written, while in another 38%, it is unwritten. It would be more desirable if all the companies had a written mission statement, to which all stakeholders could easily refer so as to know precisely the purpose of the firm's business.

Planning horizon

The predominant planning horizon observed in Table 4.10 was between 3-5 years, as practiced by 63% of the companies studied. Considering the environmental circumstances in which the firms operate, this time horizon is considered appropriate because it allows for predictability of the future as well as room to change the strategy to ensure that it is relevant to the environmental conditions facing the firm.

Frequency of revision of strategic plans

In 44% of the companies, the strategic plans are reviewed annually (Table 4.11). This ensures that the strategies developed are in congruence with the circumstances of the firm.

Responsibility for strategic planning in the organization

In order to ensure a smooth, seamless strategic planning process in the organization, the responsibility for strategic planning should be clearly assigned. In Table 4.12, 38% of the firms studied reported that the Board of Directors was responsible for strategic planning, while 25% reported the C.E.O to be responsible. This finding is expected because both the board of directors and the chief executive officer constitute the strategic apex of an organization, from where strategic direction and policy is set (Mintzberg, 1983). It should be noted that there appears to be a close working relationship between the board of directors of these firms and their chief executive officers. Such a cordial working relationship could be attributed to the close family ties between the board members and the chief executive officer. It is these close social ties that create an atmosphere of trust within the strategic apex and the cohesion necessary for a coherent corporate strategy.

Order of performance of the various tasks of the strategic planning process

Managers perform the tasks of the strategic planning process in different patterns. The results in Table 4.13 reveal the different combinations in which the managers of the local pharmaceutical manufacturing firms perform their strategic planning tasks. However, the most outstanding feature is the primacy of environmental analysis in the strategic planning process, over all the other steps, as practiced by 37% of the firms. In addition, it is normal practice to have variations in the order of undertaking external and internal environmental analysis.

Nature of the company's objectives

In reference to Table 4.14, 30% of the firms have short-term as well as long-term corporate objectives. This is important because it ensures that the company's strategy stays focussed on both operational as well as strategic goals, to capture both the near vision and the far vision of the firm.

Participants in the setting of corporate objectives

In Table 4.15, 38% of the firms have reported the board of director's involvement in the setting of corporate objectives, while 13% have reported the involvement of the chief executive officer. Again, this is expected because both the board of directors and the chief executive officers constitute the strategic apex of the firm, (Mintzberg, 1983), from where strategic objectives are set.

Features that characterize the strategic planning process

Strategic planning can be considered to be formal or informal. Formality in strategic planning has its distinct advantages. In Table 4.16, 56% of the companies have their strategic planning practices being characterized by formal meetings, while in 38% of the companies, it is characterized by informal planning interactions. This indicates that more of the companies prefer formality in their strategic planning process.

Constituencies to which strategy is communicated

The strategic thrust of a company can be communicated to constituencies or stakeholders inside or outside the organization. 50% of the companies in Table 4.17 reported to communicate their strategy internally. It appears that the management of local pharmaceutical manufacturing companies found it sufficient to communicate their strategy to internal stakeholders only, probably because majority (94%) of the firms was privately owned.

Tools used in strategic planning

According to Table 4.18, 50% of the companies use SWOT analysis, 13% use PEST analysis while non of the companies used portfolio matrices.

Approaches used in selecting appropriate strategy

From Table 4.19, 50% of the companies use rational and analytical decision-making processes, while 31% use intuition and gut feel.

Company values

The results in Table 4.20 reveal that 62 % of the companies ranked quality as the most important corporate value. This shows that the firms do not focus on economic goals only, they also have corporate values.

5.1.4: Factors influencing the strategic planning practices of the firms studied

The following factors were found to influence the strategic planning practices of the companies studied. These are:

Company size: The larger companies tended to have either strategic planning departments or a strategic planning function, and were found to employ more formal approaches to strategic planning as compared to the smaller companies.

Company age: The younger companies had a less formal approach to strategic planning. The older companies employed a more formal approach.

Company ownership: The privately owned companies had a mixture of either formal or informal approaches to strategic planning whereas the only public company studied had a formal approach to strategic planning. Furthermore, in the privately owned companies, strategic planning was largely the responsibility of the board of directors and the chief executive officer. Such companies are hesitant to communicate their strategy externally, probably because of the fear of exposing their strategies to other competing firms.

Caliber of senior management: Those companies in which senior managers have some formal management training employ more rational and formal approaches to strategic planning and choice. Those with no management training tend to be more informal in approach.

Environmental stability: The more unstable the environment, the shorter the planning horizon and the more frequent the revision of the strategic plans.

Business market scope: Companies with external business market focus have a strategic planning function while those with a local focus only, do not always have a strategic planning function.

5.3 CONCLUSIONS

From the findings and discussions above, the following conclusions can be made.

i) The local pharmaceutical manufacturers are largely small and medium sized companies. They are largely privately owned family businesses. Because of this, they predominantly employ informal approaches to strategic planning. Both formal and informal approaches can still be identified amongst the companies studied.

ii) Strategic planning is the responsibility of the board of directors and the chief executive officer, who happen to be the founders, entrepreneurs and owners of the business. In most cases, they are also owner managers.

The approaches used in strategy formulation by the majority of the companies studied are simplistic in approach, employing less sophisticated methods.

iii) There are variations in the way the companies undertake the various tasks of the strategic planning process. However, the most frequent sequence observed was; analysis of the internal environment, analysis of the external environment, defining or revision of the corporate vision, mission and strategic objectives, developing strategies and choosing the appropriate strategy.

iv) Amongst these firms, strategy is largely internally communicated and rarely communicated to external parties.

In addition, most of the senior managers of the firms studied are naïve in the use of tools used in formal strategic planning, analysis and choice. This might explain why majority of the managers use simplistic approaches to strategy formulation.

These practices are influenced by a number of factors, among them the following;

I. Company size

II. Company ownership

III. Company age

IV. Caliber of senior management

V. Stability of the business environment

VI. Business scope

It should be observed that some of the above factors are internal to the organization, for example, company size, age, ownership, and caliber of senior management, while the other two factors: stability of the business environment and business scope, are external to the organization. This means that an organization's strategy is influenced and shaped by factors that are both within and without the organization. The internal factors are particularly more amenable to manipulation than the external factors, hence the firm's management should focus keenly on them, when shaping strategy.

Furthermore, one would have expected some differences or similarities in the way managers go about the various aspects of the strategic planning practices with the propositions advanced by strategic management theorists, especially given that the local pharmaceutical manufacturers operate in a struggling economy, wrought with enigmatic and capricious occurrences such as Kenya's. Indeed, the strategic planning practices of these firms were found to be very similar to those quoted in literature in studies done in other parts of the world, either in similar or different industries. Therefore, it remains clear that the practice of strategy formulation is in congruence with theoretical propositions.

5.4 LIMITATIONS OF THE STUDY

There was one major limitation in this study that is worth noting. This was the reluctance to provide information by some of the respondents. This may have been due to the fact that the companies concerned were family owned businesses and the respondents either could not provide any information because it was 'company secret' as one of them put it, or the family 'patriarch', who was very difficult to get, was the only one who could provide information that was being requested. Some respondents just refused to answer some of the questions because they felt that they were sensitive, as can be attested by the number of 'no response' for most of the questions by some of the respondents.

The other problem was that the researcher presumed that all the firms under study had formal approaches to strategic planning. This turned out to be different. Some of the companies had very informal approaches to strategy formulation, hence found the questionnaire not applicable to them in some areas.

Thirdly, not all the firms responded. Given the small population, this means that solid conclusions cannot be drawn about the entire industry because the findings from just one firm could drastically alter results found earlier about the other firms.

Lastly, the study concentrated on external environmental analysis as opposed to both external and internal analysis. Thus information on the way the companies undertake internal environmental analysis is rather limited.

5.5 SUGGESTIONS FOR FURTHER RESEARCH

Other than corporate strategy, one could look at the competitive strategies used by firms in this industry.

Alternatively, since most of the local pharmaceutical manufacturing companies are owned by families, one could look at the decision making process of the management or the board, in family owned businesses.

Other aspects of strategic management like strategy implementation and strategy control can also be researched into, so as to obtain further insight about strategic management in this industry.

The same study could be replicated to other sectors or industries for comparisons and contrasts.

5.6 RECOMMENDATIONS FOR POLICY AND PRACTICE

On the whole, it can be stated that the concept of formal strategic planning (and management) is not very well entrenched in the local pharmaceutical manufacturing industry. This assertion can be made because of the following reasons; 94 % of the companies studied have no strategic planning department, the responsibility for strategic planning is not assigned to a specific corporate planning unit, mission statements are not well articulated and communicated to the relevant stakeholders, the techniques used in strategic forecasting are simplistic and there is a great variation in the pattern followed in the strategic planning process. In addition, corporate strategic planning is not considered as a distinct separate function, like production, marketing or finance. Instead, it is absorbed by the other functional departments and by the general management.

The concept of formal strategic planning, therefore, needs to be adopted by all the local pharmaceutical manufacturers, irrespective of company size, ownership or age, because of the positive contribution that formal strategy can impact on the performance of a company. As the company grows in size, it is necessary for management to hire competent managers, who through their formal management knowledge and skills will beneficially influence the practice of strategic planning in the company. In addition, given the numerous challenges posed by the environment, the firms need to streamline their strategic planning functions and practices to ensure that they are constantly aligned and relevant to the environmental conditions.

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APPENDIX I: SAMPLE LETTER

UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
MBA PROGRAMME-LOWER KABETE CAMPUS

Telephone 732160 Ext 208
P.O.Box 30197
Nairobi, Kenya

DATE.................................

<u>TO WHOM IT MAY CONCERN</u>

The bearer of this letter...

Registration No: ....,

is a Master of Business & Administration student of the University of Nairobi.

He/She is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

Thank you.

<u>DR. MARTIN OGUTU</u>

LECTURER AND CO-ORDINATOR, MBA PROGRAMME

APPENDIX II

LIST OF REGISTERED LOCAL PHARMACEUTICAL MANUFACTURERS

1. LABORATORY AND ALLIED
2. MAC'S PHARMACEUTICALS
3. NOVELTY MANUFACTURERS
4. BETA PHARMACEUTICAL
5. ELYS CHEMICALS LTD
6. INFUSION KENYA LTD
7. COSMOS LTD
8. REGAL PHARMACEUTICALS
9. DIDY PHARMACEUTICALS
10. AESTHETICS LTD
11. PHARMACEUTICAL MANUFACTURING COMPANY
12. GESTO PHARMACEUTICALS
13. KENYA VETERINARY VACCINES PRODUCTION
14. PHARMACEUTICAL PRODUCTS LTD
15. SPHINXS PHARMACEUTICALS
16. UNIVERSAL PHARMACY
17. MANHAR BROTHERS (KENYA) LTD
18. BIODEAL LABORATORIES
19. MEDIVET PRODUCTS LTD
20. KENYA STERILE SUPPLIES LTD

SOURCE: ADAPTED FROM THE KENYA GAZETTE, 15 TH JUNE 2000

APPENDIX III: QUESTIONNAIRE

This questionnaire seeks to establish strategic planning practices within local pharmaceutical manufacturing companies in Kenya. The information obtained will be treated in utmost confidence and will be used for no other purpose other than academic. Please, discuss with the data collector in case of any difficulties or clarifications required.

The questionnaire is in two parts, A and B.
Part A consists of questions aimed at obtaining general information about your organization.
Part B seeks information on the strategic planning practices of your firm.

Date ____________________. Questionnaire No.________.

PART A: BACKGROUND INFORMATION.

1.Ownership (please tick the appropriate)

❑Private company

❑Public company

❑Jointly privately and government owned

2.How many years has the company been in operation?
_____________ Years

3.Do you have a strategic planning department? (Tick)

❑ YES

❑ NO

4.What is the nature of products manufactured?

- ☐ Human ethicals
- ☐ Human over-the-counter (OTC)
- ☐ Veterinary

Others, please specify below

____

____

5.How many employees do you have?

Permanent	Temporary
☐ 0-25	0-25
☐ 26-50	26-50
☐ 51-75	51-75
☐ 76-100	76-100
☐ Over 100	Over 100

6.What is your sales turnover per annum?

- ☐ Less than 25 million
- ☐ 26-50 Million
- ☐ 51-75 Million
- ☐ 76-100 Million
- ☐ Over 100 Million

7.How would you categorize the range of pharmaceutical product dosage forms that you manufacture?

- ☐ Broad range (more than 5 different dosage forms)
- ☐ Intermediate range (3 to 5 different dosage forms)
- ☐ Narrow range (less than 3 different dosage forms)

8.What is the nature of your manufacturing operations?

- ☐ Synthesis and manufacture of active pharmaceutical ingredients and excepients
- ☐ Manufacture of dosage forms from locally sourced and imported raw materials
- ☐ Repackaging and labeling of bulk pharmaceutical products into smaller units

9.What is your company's percentage utilization of the installed physical (manufacturing) capacity?

- ☐ 0-20%
- ☐ 21-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

10.How would you categorize your manufacturing technology?

- ☐ Using simple, manually operated machines
- ☐ Using electrically motorized machines
- ☐ Using computerized, automated machines

11.Which of the following best describes the predominant caliber of the senior management staff (From Heads of departments to the C.E.O) in your organization?

- ☐ No technical and management training
- ☐ Technical specialist with no management training but with on –the- job experience.
- ☐ Technical specialist with management training
- ☐ Professional managers with business and management training

PART B: STRATEGIC PLANNING PRACTICES

1.Do you have a mission statement?

- ☐ Yes, a written one
- ☐ Yes, an unwritten one
- ☐ No

2.Please, indicate below the nature of your strategic planning.

- ☐ No strategic planning
- ☐ Formal strategic planning
- ☐ Informal strategic planning

3.Indicate the year when strategic planning was first developed in your organization.

__________________________.

4.What is the time horizon of your plans?

- ❑Less than 3 years
- ❑3-5
- ❑Over five years

5.How often do you revise your strategic plans?

____.

6.Who is responsible for strategic planning in your organization ?

- ❑Board of Directors
- ❑Chief Executive Officer
- ❑Senior Managers
- ❑Consultant

Others please specify ____.

7.State any three of your long-term corporate objectives

a ____.

b ____.

c ____.

8.How would you describe the tools and techniques used in strategic forecasting by your organization?

- ❑Using qualitative, subjective methods like brainstorming and focus groups.
- ❑Using quantitative, objective methods like trend extrapolation, regression analysis and simulations.
- ❑Using both qualitative and quantitative methods.

9.Which of the following steps do you undertake in the strategic planning process in your organization? (Tick all those that you undertake).

❑ Analysis of the external environment

❑ Analysis of the internal organizational environment

❑ Defining or revising the company's mission statement and strategic objectives

❑ Developing strategies to achieve the strategic objectives of the company

❑ Choosing the appropriate strategy

10.When you have a strategy, to which of the following do you communicate;

❑ Internally in the organization

❑ Externally to the relevant constituencies (Financers, Customers, Business partners)

❑ Both internally and externally

11.Who undertakes environmental scanning and analysis for your company?

❑ A specially assigned department.

❑ A hired consultant

❑ Market research companies

❑ Individual departmental heads

12.Indicate in the boxes provided by numbering appropriately the order in which you perform the various tasks of the strategic planning process indicated below.

❑ Analysis of the external environment

❑ Analysis of the internal organizational environment

❑ Defining or revising the company's mission statement and strategic objectives

❑ Developing strategies to achieve the strategic objectives of the company

Choosing the appropriate strategy

13.What is the nature of your company's objectives?

❑ Short term

❑ Medium term

❑ Long term

14. Who participates in setting these objectives?

- ☐ Board of Directors
- ☐ Chief Executive Officer
- ☐ Senior managers
- ☐ Consultants

Others please specify ______________________________.

15. Indicate whether the following features characterize your planning process. (Tick all those that apply)

- ☐ Formal meetings
- ☐ Informal planning interactions
- ☐ Time-tables for plan preparations
- ☐ Clearly assigned responsibilities for planning
- ☐ Have a planning department

16. Indicate the extent to which information on the following is considered in the planning process.

	Less extent			Great extent	
i) Political and legal developments	1	2	3	4	5
ii) General economic trends	1	2	3	4	5
iii) Competitors	1	2	3	4	5
iv) Market trends	1	2	3	4	5
v) Technological changes	1	2	3	4	5
vi) Social and cultural trends	1	2	3	4	5
vii) Organization's internal resources	1	2	3	4	5

17.How do you collect information on the various aspects of your business environment?

- ☐ Search for information from both verbal and written sources
- ☐ Competitor spying
- ☐ Forecasting
- ☐ Use of formal studies

Others please specify ________________________________.

18.Who is in charge of this activity (in 17 above)?

- ☐ The corporate planning department
- ☐ The market research / Marketing department
- ☐ All departments
- ☐ Market research company
- ☐ Hired consultant
- ☐ A specifically designate individual
- ☐ No one

19. (a) Do you carry out any form of competitor analysis?

- ☐ YES
- ☐ NO

b) If so, what approaches are used by your firm to analyze competitor performance?

- ☐ Absolute sales turnover
- ☐ Market share analysis
- ☐ Price comparisons
- ☐ Cost analysis
- ☐ Strategic group analysis. (Analysis of business rival firms with similar competitive approaches and market positions).

Others please specify ________________________________.

20.Please, rank on the scale provided below your perception of how the following forces have influenced the pharmaceutical industry in Kenya.

	No influence			Highly influenced	
Threat of new entrants	1	2	3	4	5
Threat of substitute products	1	2	3	4	5
Bargaining power of suppliers	1	2	3	4	5
Bargaining power of buyers	1	2	3	4	5
Degree of rivalry among the Pharmaceutical companies	1	2	3	4	5

21.Indicate the extent to which each of the following factors has influenced your corporate strategy.

	Less extent				Great extent
Government	1	2	3	4	5
Competitors	1	2	3	4	5
Regional markets (COMESA, EAST AFRICAN COMMUNITY, etc)	1	2	3	4	5
Globalization	1	2	3	4	5
Customers & consumer pressure groups.	1	2	3	4	5

22.What businesses, if any has your company diversified into since incorporation?

- ☐ Veterinary pharmaceuticals
- ☐ Human pharmaceuticals
- ☐ Agricultural chemicals
- ☐ Cosmetics
- ☐ Chemicals and laboratory reagents
- ☐ Importation of finished pharmaceutical products
- ☐ Distribution of pharmaceutical products

Other, please specify ____.

23.There are various approaches to selecting an appropriate strategy once strategic options have been developed. Which of the approaches below best describes the approach used by your company?

- ☐ Using intuition and gut feel
- ☐ Using rational and analytical decision making processes
- ☐ Through the process of negotiation with key stakeholders (The board, Management, Financiers)

24.Which of the following tools do you use in strategic planning?

- ☐ SWOT analysis (Analysis of Strengths, Weaknesses, Opportunities and Threats)
- ☐ Strategic gap analysis
- ☐ PEST analysis (Analysis of Political, Economic, Social and Technological factors)
- ☐ Portfolio Matrices (BCG, General Electric, Ansoff's Market/Product etc)

25.Would you describe your business environment as stable or turbulent?
Please indicate your perception on the following scale.

Stable				turbulent
1	2	3	4	5

26.What is the scope of your business?

- ☐ Local (within the country)
- ☐ Regional (within Africa)
- ☐ Global (across continents)

27.Indicate in order of importance how your company values the following

- ☐ Quality
- ☐ Corporate image
- ☐ Customer satisfaction
- ☐ Business ethics

Filled by ____.

Designation ____.

THANK YOU VERY MUCH FOR YOUR CO-OPERATION.

APPENDIX IV

ownership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private company	15	93.8	93.8	93.8
	public company	1	6.3	6.3	100.0
	Total	16	100.0	100.0	

how many years has the company been in operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-10 years	6	37.5	37.5	37.5
	11-20 years	3	18.8	18.8	56.3
	21-30 years	3	18.8	18.8	75.0
	31-40 years	3	18.8	18.8	93.8
	above 40 years	1	6.3	6.3	100.0
	Total	16	100.0	100.0	

do you have a strategic planning department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	5	31.3	31.3	31.3
	no	11	68.8	68.8	100.0
	Total	16	100.0	100.0	

what is the nature of the products manufactured

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	human ethicals	13	81.3	81.3	81.3
	veterinary	3	18.8	18.8	100.0
	Total	16	100.0	100.0	

how many permanent employees do you have

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-25 employees	3	18.8	18.8	18.8
	26-50 employees	5	31.3	31.3	50.0
	51-75 employees	4	25.0	25.0	75.0
	76-100 employees	2	12.5	12.5	87.5
	over 100 employees	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

how many temporary employees do you have

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-25 employees	3	18.8	23.1	23.1
	26-50 employees	6	37.5	46.2	69.2
	51-75 employees	2	12.5	15.4	84.6
	76-100 employees	1	6.3	7.7	92.3
	over 100 employees	1	6.3	7.7	100.0
	Total	13	81.3	100.0	
Missing	System	3	18.8		
Total		16	100.0		

what is your company's sales turnover per annum in Kshs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 25 million	2	12.5	13.3	13.3
	26-50 million	1	6.3	6.7	20.0
	51-75 million	4	25.0	26.7	46.7
	76-100 million	4	25.0	26.7	73.3
	over 100 million	4	25.0	26.7	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

categorization of pharmaceutical products manufacured

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	broad range (more than 10 diff product categories)	9	56.3	56.3	56.3
	intermediate range (5 to 10 diff product categories)	5	31.3	31.3	87.5
	narrow range (less than 5 different product categories)	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

what is the nature of your manufacturing operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	mnfg of dosage forms from local & imported raw materials	14	87.5	87.5	87.5
	repackaging 7 labelling of bulk products into smaller units	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

whai is your company's percentage utilization of the installed physical (manufacturing capacity)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-20 %	1	6.3	6.7	6.7
	21-40%	1	6.3	6.7	13.3
	41-60%	4	25.0	26.7	40.0
	61-80%	6	37.5	40.0	80.0
	81-100%	3	18.8	20.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

how would you categorize your manufacturing technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	using simple, manually operated machines	2	12.5	12.5	12.5
	using electrically motorized machines	10	62.5	62.5	75.0
	using computerized automated machines	4	25.0	25.0	100.0
	Total	16	100.0	100.0	

which of the following best describes the predominant calibre of the senior managemenr staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no technical and management training	2	12.5	12.5	12.5
	technical specialist with no mngmt training but with job exper	8	50.0	50.0	62.5
	technical specialists with management training	4	25.0	25.0	87.5
	professional managers with business and management training	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

do you have a mission statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes, a written one	6	37.5	37.5	37.5
	yes an unwritten one	6	37.5	37.5	75.0
	no	4	25.0	25.0	100.0
	Total	16	100.0	100.0	

nature of strategic planning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no srtategic planning	2	12.5	12.5	12.5
	formal strategic planning	9	56.3	56.3	68.8
	informal strategic planning	5	31.3	31.3	100.0
	Total	16	100.0	100.0	

indication of the year when strategic planning was first developed in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	before 1990	2	12.5	20.0	20.0
	1990-1995	4	25.0	40.0	60.0
	1996-2001	4	25.0	40.0	100.0
	Total	10	62.5	100.0	
Missing	System	6	37.5		
Total		16	100.0		

what is the time horizon of your plans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 3 years	2	12.5	15.4	15.4
	3-5 years	10	62.5	76.9	92.3
	over 5 years	1	6.3	7.7	100.0
	Total	13	81.3	100.0	
Missing	System	3	18.8		
Total		16	100.0		

how often are the strategic plans revised

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	annually	7	43.8	63.6	63.6
	2-3 years	1	6.3	9.1	72.7
	above 4 years	1	6.3	9.1	81.8
	not defined	2	12.5	18.2	100.0
	Total	11	68.8	100.0	
Missing	System	5	31.3		
Total		16	100.0		

who is responsible for strategic planning in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	board of directors	6	37.5	42.9	42.9
	chief executive officers	4	25.0	28.6	71.4
	senior managers	3	18.8	21.4	92.9
	others	1	6.3	7.1	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

how would you describe tools and techniques used in strategic foecasting by the oganization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	using qualitative methods as brainstorming and focus goups	3	18.8	21.4	21.4
	using quant methods as trends, regression and simulation	3	18.8	21.4	42.9
	using both qualitative and quantitative methods	8	50.0	57.1	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

which steps do you take in strategic planning process in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	analysis of the external environment	9	56.3	90.0	90.0
	dvping strategies to achieve objectives of the organization	1	6.3	10.0	100.0
	Total	10	62.5	100.0	
Missing	System	6	37.5		
Total		16	100.0		

when having a strategy, to which of the following do you communicate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	internally in the organization	8	50.0	72.7	72.7
	both internally and externally	3	18.8	27.3	100.0
	Total	11	68.8	100.0	
Missing	System	5	31.3		
Total		16	100.0		

who undertakes environmental scanning and analysis for your company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	a hired consultant	1	6.3	8.3	8.3
	market research companies	2	12.5	16.7	25.0
	individual department heads	9	56.3	75.0	100.0
	Total	12	75.0	100.0	
Missing	System	4	25.0		
Total		16	100.0		

order in which you perform the various tasks of the strategic planning process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,1,3,4,5	4	25.0	44.4	44.4
	2,1,4,3,5	1	6.3	11.1	55.6
	1,2,5,3,4	1	6.3	11.1	66.7
	2,3,1,5,4	1	6.3	11.1	77.8
	1,2,5,4,3	1	6.3	11.1	88.9
	6	1	6.3	11.1	100.0
	Total	9	56.3	100.0	
Missing	System	7	43.8		
Total		16	100.0		

what is the nature of your companies objectives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	short term	2	12.5	15.4	15.4
	medium term	3	18.8	23.1	38.5
	long term	3	18.8	23.1	61.5
	both short and long term	5	31.3	38.5	100.0
	Total	13	81.3	100.0	
Missing	System	3	18.8		
Total		16	100.0		

who particiapates in setting the objectives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	board of directors	6	37.5	46.2	46.2
	chief executive officers	2	12.5	15.4	61.5
	senior managers	5	31.3	38.5	100.0
	Total	13	81.3	100.0	
Missing	System	3	18.8		
Total		16	100.0		

features that characterize the planning process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	formal meetings	9	56.3	60.0	60.0
	informal planning interactions	6	37.5	40.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

political and legal developments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	normal extent	6	37.5	40.0	40.0
	more extent	5	31.3	33.3	73.3
	great extent	4	25.0	26.7	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

general economic trends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	minimal extent	1	6.3	6.7	6.7
	more extent	2	12.5	13.3	20.0
	great extent	12	75.0	80.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

competitors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	1	6.3	6.7	6.7
	more extent	6	37.5	40.0	46.7
	great extent	8	50.0	53.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

market trends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	normal extent	3	18.8	20.0	20.0
	more extent	4	25.0	26.7	46.7
	great extent	8	50.0	53.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

technological changes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	2	12.5	13.3	13.3
	minimal extent	1	6.3	6.7	20.0
	normal extent	5	31.3	33.3	53.3
	more extent	3	18.8	20.0	73.3
	great extent	4	25.0	26.7	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

sociocultural trends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	4	25.0	26.7	26.7
	minimal extent	1	6.3	6.7	33.3
	normal extent	7	43.8	46.7	80.0
	more extent	2	12.5	13.3	93.3
	great extent	1	6.3	6.7	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

organizational internal trends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	minimal extent	1	6.3	6.7	6.7
	normal extent	2	12.5	13.3	20.0
	more extent	4	25.0	26.7	46.7
	great extent	8	50.0	53.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

how do you collect information on the various aspects of the business environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	search for information from both verbal and written sources	15	93.8	100.0	100.0
Missing	System	1	6.3		
Total		16	100.0		

who is incharge of the above activity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	the market research/ marketing department	7	43.8	46.7	46.7
	all departments	7	43.8	46.7	93.3
	a specifically designate individual	1	6.3	6.7	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

do you carry out any form of competitor anaysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	12	75.0	80.0	80.0
	no	3	18.8	20.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

what approaches are used by your firm to analyse competitor performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	absolute sales turnover	2	12.5	16.7	16.7
	market share analysis	8	50.0	66.7	83.3
	price comparisons	1	6:3	8.3	91.7
	strategic group analysis	1	6.3	8.3	100.0
	Total	12	75.0	100.0	
Missing	System	4	25.0		
Total		16	100.0		

threat of new entrants

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no inlfuence	2	12.5	13.3	13.3
	little influence	3	18.8	20.0	33.3
	average inlfuence	3	18.8	20.0	53.3
	more inluence	5	31.3	33.3	86.7
	highly influence	2	12.5	13.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

threat of substitue products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no inlfuence	1	6.3	6.7	6.7
	little influence	3	18.8	20.0	26.7
	average inlfuence	1	6.3	6.7	33.3
	more inluence	2	12.5	13.3	46.7
	highly influence	8	50.0	53.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

bargaing power of suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no inlfuence	2	12.5	13.3	13.3
	little influence	2	12.5	13.3	26.7
	average inlfuence	2	12.5	13.3	40.0
	more inluence	6	37.5	40.0	80.0
	highly influence	3	18.8	20.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

bargaing power of buyers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	average inlfuence	2	12.5	13.3	13.3
	more inluence	5	31.3	33.3	46.7
	highly influence	8	50.0	53.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

degree of rivalry among the pharmceutical companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no inlfuence	1	6.3	6.7	6.7
	little influence	1	6.3	6.7	13.3
	average inlfuence	7	43.8	46.7	60.0
	more inluence	3	18.8	20.0	80.0
	highly influence	3	18.8	20.0	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	1	6.3	7.1	7.1
	minimal extent	1	6.3	7.1	14.3
	normal extent	4	25.0	28.6	42.9
	more extent	5	31.3	35.7	78.6
	great extent	3	18.8	21.4	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

competitors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	minimal extent	1	6.3	7.1	7.1
	normal extent	3	18.8	21.4	28.6
	more extent	4	25.0	28.6	57.1
	great extent	6	37.5	42.9	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

regional markets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	1	6.3	7.1	7.1
	minimal extent	4	25.0	28.6	35.7
	normal extent	4	25.0	28.6	64.3
	more extent	2	12.5	14.3	78.6
	great extent	3	18.8	21.4	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

globalization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	1	6.3	7.7	7.7
	minimal extent	4	25.0	30.8	38.5
	normal extent	2	12.5	15.4	53.8
	more extent	2	12.5	15.4	69.2
	great extent	4	25.0	30.8	100.0
	Total	13	81.3	100.0	
Missing	System	3	18.8		
Total		16	100.0		

customers & consumers pressure groups

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less extent	1	6.3	7.1	7.1
	minimal extent	3	18.8	21.4	28.6
	normal extent	4	25.0	28.6	57.1
	more extent	4	25.0	28.6	85.7
	great extent	2	12.5	14.3	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

what businesses has your company diversified into since incorporation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	veterinary pharmaceuticals	7	43.8	50.0	50.0
	human pharmaceuticals	4	25.0	28.6	78.6
	importation of finished pharmaceuticals products	3	18.8	21.4	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

approches used the companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	using intuition and gut feel	5	31.3	35.7	35.7
	using rational and analytical decision making pocesses	8	50.0	57.1	92.9
	through pocess of negotiation with key stakeholders	1	6.3	7.1	100.0
	Total	14	87.5	100.0	
Missing	System	2	12.5		
Total		16	100.0		

which tools do you use in strategic planning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SWOT analysis	8	50.0	72.7	72.7
	Strategic gap analysis	1	6.3	9.1	81.8
	PEST analysis	2	12.5	18.2	100.0
	Total	11	68.8	100.0	
Missing	System	5	31.3		
Total		16	100.0		

stability of the business environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	stable	1	6.3	6.7	6.7
	less stable	1	6.3	6.7	13.3
	unstable	7	43.8	46.7	60.0
	less turbulent	4	25.0	26.7	86.7
	turbulent	2	12.5	13.3	100.0
	Total	15	93.8	100.0	
Missing	System	1	6.3		
Total		16	100.0		

which is the scope of the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	local (within the country)	7	43.8	43.8	43.8
	regional (within Africa)	7	43.8	43.8	87.5
	global (across continents)	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

order of importance on the following

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,4,2,3	4	25.0	33.3	33.3
	1,3,2,4	5	31.3	41.7	75.0
	1,4,3,2	1	6.3	8.3	83.3
	2,4,1,3	1	6.3	8.3	91.7
	2,3,1,4	1	6.3	8.3	100.0
	Total	12	75.0	100.0	
Missing	System	4	25.0		
Total		16	100.0		

APPENDIX V: CROSS-TABULATIONS

do you have a strategic planning department * how many permanent employees do you have Crossta

			how many permanent employees do you have				
			0-25 employees	26-50 employees	51-75 employees	76-100 employees	over emplo
do you have a strategic planning department	yes	Count	1	2		1	
		% of Total	6.3%	12.5%		6.3%	
	no	Count	2	3	4	1	
		% of Total	12.5%	18.8%	25.0%	6.3%	
Total		Count	3	5	4	2	
		% of Total	18.8%	31.3%	25.0%	12.5%	

how many years has the company been in operation * nature of strategic planning Crosstabulation

			nature of strategic planning			
			no srtategic planning	formal strategic planning	informal strategic planning	Total
how many years has the company been in operation	1-10 years	Count	1	2	3	6
		% of Total	6.3%	12.5%	18.8%	37.5%
	11-20 years	Count		2	1	3
		% of Total		12.5%	6.3%	18.8%
	21-30 years	Count		3		3
		% of Total		18.8%		18.8%
	31-40 years	Count		2	1	3
		% of Total		12.5%	6.3%	18.8%
	above 40 years	Count	1			1
		% of Total	6.3%			6.3%
Total		Count	2	9	5	16
		% of Total	12.5%	56.3%	31.3%	100.0%

how many permanent employees do you have * nature of strategic planning Crosstabulation

			nature of strategic planning			
			no srtategic planning	formal strategic planning	informal strategic planning	Total
how many permanent employees do you have	0-25 employees	Count	1	1	1	3
		% of Total	6.3%	6.3%	6.3%	18.8%
	26-50 employees	Count	1	3	1	5
		% of Total	6.3%	18.8%	6.3%	31.3%
	51-75 employees	Count		2	2	4
		% of Total		12.5%	12.5%	25.0%
	76-100 employees	Count		1	1	2
		% of Total		6.3%	6.3%	12.5%
	over 100 employees	Count		2		2
		% of Total		12.5%		12.5%
Total		Count	2	9	5	16
		% of Total	12.5%	56.3%	31.3%	100.0%

ownership * nature of strategic planning Crosstabulation

			nature of strategic planning			
			no srtategic planning	formal strategic planning	informal strategic planning	Total
ownership	private company	Count	2	8	5	15
		% of Total	12.5%	50.0%	31.3%	93.8%
	public company	Count		1		1
		% of Total		6.3%		6.3%
Total		Count	2	9	5	16
		% of Total	12.5%	56.3%	31.3%	100.0%

what is the time horizo of your plans * stability of the business environment Crosstabulation

			stability of the business environment				
			stable	less stable	unstable	less turbulent	turbuler
what is the time horizo of your plans	less than 3 years	Count			2		
		% of Total			15.4%		
	3-5 years	Count	1	1	3	4	
		% of Total	7.7%	7.7%	23.1%	30.8%	7.7
	over 5 years	Count			1		
		% of Total			7.7%		
Total		Count	1	1	6	4	
		% of Total	7.7%	7.7%	46.2%	30.8%	7.7

how often the srtategic plans are revised * stability of the business environment Crosstabulation

			stability of the business environment				Total
			stable	unstable	less turbulent	turbulent	
how often the srtategic plans are revised	annually	Count	1	2	4		7
		% of Total	9.1%	18.2%	36.4%		63.6%
	2-3 years	Count				1	1
		% of Total				9.1%	9.1%
	above 4 years	Count		1			1
		% of Total		9.1%			9.1%
	not defined	Count		2			2
		% of Total		18.2%			18.2%
Total		Count	1	5	4	1	11
		% of Total	9.1%	45.5%	36.4%	9.1%	100.0%

ownership * who is responsible for strategic planning in the organization Crosstabulation

			who is responsible for strategic planning in the organization				Total
			board of directors	chief executive officers	senior managers	others	
ownership	private company	Count	6	4	2	1	13
		% of Total	42.9%	28.6%	14.3%	7.1%	92.9%
	public company	Count			1		1
		% of Total			7.1%		7.1%
Total		Count	6	4	3	1	14
		% of Total	42.9%	28.6%	21.4%	7.1%	100.0%

which of the following best describes the predominant calibre of the senior managemenr staff * how would yc describe tools and techniques used in strategic foecasting by the oganization Crosstabulation

			how would you describe tools and techniques used in strategic foecasting by the oganization			
			using qualitative methods as brainstorming and focus goups	using quant methods as trends, regression and simulation	using both qualitative and quantitative methods	Tota
which of the following best describes the predominant calibre of the senior managemenr staff	no technical and management training	Count		1	1	
		% of Total		7.1%	7.1%	14.
	technialspecialist with no mngmt training but with job exper	Count	2	2	2	
		% of Total	14.3%	14.3%	14.3%	42.
	technical specialists with management training	Count	1		3	
		% of Total	7.1%		21.4%	28.
	professional managers with business and	Count			2	
		% of Total			14.3%	14.
Total		Count	3	3	8	
		% of Total	21.4%	21.4%	57.1%	100.

ownership * when having a strtegy, to which of the following do you communicate Crosstabulation

			when having a strtegy, to which of the following do you communicate		
			internally in the organization	both internally and externally	Total
ownership	private company	Count	7	3	10
		% of Total	63.6%	27.3%	90.9%
	public company	Count	1		1
		% of Total	9.1%		9.1%
Total		Count	8	3	11
		% of Total	72.7%	27.3%	100.0%

how many permanent employees do you have * who undertakes environmental scanning and analysis for your company Crosstabulation

			who undertakes environmental scanning and analysis for your company			Total
			a hired consultant	market research companies	individual department heads	
how many permanent employees do you have	0-25 employees	Count			1	1
		% of Total			8.3%	8.3%
	26-50 employees	Count			4	4
		% of Total			33.3%	33.3%
	51-75 employees	Count		1	3	4
		% of Total		8.3%	25.0%	33.3%
	76-100 employees	Count	1			1
		% of Total	8.3%			8.3%
	over 100 employees	Count		1	1	2
		% of Total		8.3%	8.3%	16.7%
Total		Count	1	2	9	12
		% of Total	8.3%	16.7%	75.0%	100.0%

hich of the following best describes the predominant calibre of the senior managemenr staff * order in which you strategic planning process Crosstabulation

			order in which you perform the various tasks of the st process				
			2,1,3,4,5	2,1,4,3,5	1,2,5,3,4	2,3,1,5,4	1,2
which of the following best describes the predominant calibre of the senior managemenr staff	no technical and management training	Count					
		% of Total					
	technialspecialist with no mngmt training but with job exper	Count	1	1		1	
		% of Total	11.1%	11.1%		11.1%	
	technical specialists with management training	Count	2		1		
		% of Total	22.2%		11.1%		
	professional managers with business and	Count	1				
		% of Total	11.1%				
Total		Count	4	1	1	1	
		% of Total	44.4%	11.1%	11.1%	11.1%	

ownership * who particiapates in setting the objectives Crosstabulation

			who particiapates in setting the objectives			
			board of directors	chief executive officers	senior managers	Total
ownership	private company	Count	6	2	4	12
		% of Total	46.2%	15.4%	30.8%	92.3%
	public company	Count			1	1
		% of Total			7.7%	7.7%
Total		Count	6	2	5	13
		% of Total	46.2%	15.4%	38.5%	100.0%

nature of strategic planning * how do you collect information on the various aspects of the business environment Crosstabulation

			how do you collect information on the various aspects of the business environment	
			search for information from both verbal and written sources	Total
nature of strategic planning	no srtategic planning	Count	1	1
		% of Total	6.7%	6.7%
	formal strategic planning	Count	9	9
		% of Total	60.0%	60.0%
	informal strategic planning	Count	5	5
		% of Total	33.3%	33.3%
Total		Count	15	15
		% of Total	100.0%	100.0%

which of the following best describes the predominant calibre of the senior managemenr staff * which tools do you use in strategic planning Crosstabulation

			which tools do you use in strategic planning			
			SWOT analysis	Strategic gap analysis	PEST analysis	Total
which of the following best describes the predominant calibre of the senior managemenr staff	no technical and management training	Count	2			2
		% of Total	18.2%			18.2%
	technialspecialist with no mngmt training but with job exper	Count	2		2	4
		% of Total	18.2%		18.2%	36.4%
	technical specialists with management training	Count	2	1		3
		% of Total	18.2%	9.1%		27.3%
	professional managers with business and	Count	2			2
		% of Total	18.2%			18.2%
Total		Count	8	1	2	11
		% of Total	72.7%	9.1%	18.2%	100.0%

nature of strategic planning * which is the scope of the business Crosstabulation

			which is the scope of the business			
			local (within the country)	regional (within Africa)	global (across continents)	Total
nature of strategic planning	no srtategic planning	Count	2			2
		% of Total	12.5%			12.5%
	formal strategic planning	Count	3	5	1	9
		% of Total	18.8%	31.3%	6.3%	56.3%
	informal strategic planning	Count	2	2	1	5
		% of Total	12.5%	12.5%	6.3%	31.3%
Total		Count	7	7	2	16
		% of Total	43.8%	43.8%	12.5%	100.0%

nature of strategic planning * order of importance on the following Crosstabulation

			order of importance on the following				
			1,4,2,3	1,3,2,4	1,4,3,2	2,4,1,3	2,[illegible]
nature of strategic planning	formal strategic planning	Count	2	4		1	
		% of Total	16.7%	33.3%		8.3%	
	informal strategic planning	Count	2	1	1		
		% of Total	16.7%	8.3%	8.3%		
Total		Count	4	5	1	1	
		% of Total	33.3%	41.7%	8.3%	8.3%	

vhich of the following best describes the predominant calibre of the senior managemenr staff * order of importar Crosstabulation

			order of importance on the following				
			1,4,2,3	1,3,2,4	1,4,3,2	2,4,1,3	2,:
which of the following best describes the predominant calibre of the senior managemenr staff	no technical and management training	Count		1			
		% of Total		8.3%			
	technialspecialist with no mngmt training but with job exper	Count	4	1	1		
		% of Total	33.3%	8.3%	8.3%		
	technical specialists with management training	Count		2			
		% of Total		16.7%			
	professional managers with business and	Count		1		1	
		% of Total		8.3%		8.3%	
Total		Count	4	5	1	1	
		% of Total	33.3%	41.7%	8.3%	8.3%	