CRITICAL SUCESS FACTORS AND STRATEGY IMPLEMENTATION OF THE MULTINATIONAL COOPORATIONS IN THE KENYAN PHARMACEUTICAL INDUSTRY

BY

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DECLARATION

This Project is my original work and has not been presented for award of any degree in any university.

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I dedicated my research work to my late parents ,the late Mr James Okech and Mrs Consolata Okech who have for the longest time believed in me and have taught me that with determination whatever goals I set for myself I will achieve.

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ABBREVIATIONS AND ACRONYMS

GDP: Gross domestic product

KPPB: Kenya pharmacy and poison's Board

MNCs: Multinational cooporations

MNPC: Multinational Pharmaceutical Corporations

RBV: Resource based view

R&D: Research and Development

SBU: Strategic Business Unit

ABSTRACT

Strategy implementation is the key that opens doors to creatively align organizational strategy with its internal support systems, that transforms analyzed and formulated strategies into action. An organization in the pharmaceutical business, which is a business that competes in the knowledge economy for discovering and commercializing therapeutic agents, must endeavour to continually develop strategies to protect its intellectual capital and improve performance. Despite this realisation the importance of strategy implementation, is still greatly overshadowed by a focus on the strategy formulation process. Literature available on strategy implementation is very scarce and especially literature on strategy implementation in the pharmaceutical industry. This study, therefore, is poised to explore and determine the critical success factors for strategy implementation among Multinational cooporations in the Kenyan pharmaceutical industry. The study was conducted in Kenya in 2014 as a census survey of twelve Multinational pharmaceutical cooporations. Data for this survey was collected through the use of structured questionnaires, which were distributed to 36 respondents of which 32 responded 89% respondent rate. The main objective of this study was to determine the critical success factors for strategy implementation in the Multinational cooporations in the Kenyan pharmaceutical industry. This study was hinged on the dynamics capabilities theory, resource based view theory and the concept of competitive advantage. Data analysis was done using descriptive and factor analysis to a large extent. Results indicate that critical success factors for strategy implementation include; Infrasture factors; Clear and concise communication of the strategy to the staff, with a variance loading of(0.942)Resource set aside for new strategy,(0.871,variance loading),Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy,(0.970), Organisational structure that is supportive(0.889).Time frame; Specified time frame allocated for strategy implementation(0.971),allocation for obstacles surfaced during implementation that were not envisioned before hand, environmental factors also emerged as key to this process. For competitive advantage. People-product mix; Possession of detailed knowledge on customers' needs, tastes and preferences by employees, hiring and retraining top talent within the organization, continuous product improvement and innovations, Production of unique products for a specific target market, partnering with customers to produce highly customized products and strategic alliances with key stakeholders in the industry.

This study serves as a rich reservoir of information about strategy implementation in the pharmaceutical industry and will help during creation of policies for regulation for the industry in light of the findings above. The study also bridges the very vital research gap and hence serves as a secondary resource for scholars or academicians in the area of strategy implementation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

As organizations respond to their dynamic, constantly evolving environment of changing consumer preferences, competition, technological advances and diminishing market share. Managers in well-established as well as upcoming organizations are continuously required to think strategically to cope with these changes. The environments in which organizations operate in, whether for profit, non-profit, public or private, have become not only increasingly uncertain but also more tightly interconnected (Machuki,2005).To achieve better business performance and profitability, every business must seek to understand and act upon factors that affect strategy implementation both internally and externally, in order to survive and attain competitive advantage. With the onset of globalization, firms begin to expand their trade activities into the global environment in line with their search for competitive advantage, hence the upsurge in Multinational cooporations. This has led to the need for an understanding of critical success factors for strategy implementation among Multinational companies and their subsidiaries in different geographical locations.

This study is hinged on the Dynamic capabilities theory which seeks to examine how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece, Pisano, & Shuen, 1997).This theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of this theory is to understand how firms use dynamic capabilities to create and sustain a competitive advantage over other firms by responding to and creating environmental changes (Teece, 2007).Another theory that perfectly complements the Dynamic capabilities theory and upon which this study is also anchored on, is the Resource based view theory by Wernerfelt (1984) which states that strategy of a firm is a function of the resources that the firm owns. These resources determine how well that company performs its activities and or better than its competitors. A company will be successful if it has the best and most unique resources relevant for its business and strategy.

The sources and importance of competitive advantage and distinctive competences as determinants of a firm's success and growth have been a major concern for scholars and practitioners for the last two decades (Henderson, 1983, Porter, 1985 Grant, 1991 and Peteraf, 1993).Johnson and scholes (2002) observed that many organizations develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in implementation of the same. Less than 50% of formulated strategies get implemented (mintzberg and Waters, 1985).Multinational companies are not exempted from this reality, one of the major challenges that Multinational firms in the Kenyan Pharmaceutical industry have had to grapple with is how to "localise" and implement their global strategies to enable the business respond appropriately to their geographic-based opportunities and threats. There is minimal literature available on strategy implementation in the pharmaceutical industry let alone critical success factors for strategy implementation.

The relevant literature available is mainly centred on the formulation of strategies and challenges in strategy implementation. To address this knowledge gap this study is poised to unlock the critical factors that are key in strategy implementation from a managerial standpoint within multinational organizations in the pharmaceutical industry in Kenya.

1.1.1 Concept of strategy

Strategy is defined as the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment to fulfil stakeholder expectation (Johnson and schools.2000). Michael Porter has defined strategy as **"Creation of a unique and valued position involving a different set of activities. The company that is strategically positioned performs different activities from rivals or performs similar activities in different ways.** An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without strategy, an organization is like a ship without a rudder. It is like a tramp, which has no particular destination to go to.

Top and middle management of most organizations have had to grapple with ways of designing new and innovative strategies that will give their organizations a competitive edge to survive in their respective industries.

To achieve success, a strategy must be translated into guidelines for daily activities for firm members, the strategy and firm must become one, that is, strategy must be reflected in the way the firm organizes its activities and in the firm's values, beliefs and tone (Pearce and Robinson, 1991).

Is has been reported that there is a very good understanding of the extent of strategic responses by the pharmaceutical companies in Nairobi to environmental changes (Khalif, 2012). The challenge however remains in the translation of these strategies into action plans that are actually implemented within their proposed time frame. The guiding principles in any strategic management process is the understanding of what changes are needed, how to implement and manage these changes, how to create a roadmap for sustaining improvements that lead to better performance (Morgan and Strong,2003).

1.1.2 Critical success factors in Strategy Implementation

Strategy implementation or otherwise known as strategy execution is easily the most complicated and time-consuming part of strategic management (Thompson & Strickland, 2003). In contrast to this, strategy formulation is primarily an intellectual, creative act involving analysis and synthesis. Implementation on the other hand is a hands-on operation and action-oriented human behavioural activity that call for executive leadership and key managerial skills.

To understand the critical success factors that contribute to successful strategy implementation, we must first gain an understanding of why strategies fail.

There are mainly three reasons that lead to strategy failure that can be summarised as, company initiatives not aligned with the company strategy, Company processes not aligned with strategy and Employees and stakeholder failing to engage.For strategy to be implemented successfully every activity in an organization, apart from the very functional ones must be reviewed against its relevance to the new strategy being implemented. It bears no fruit to create a new strategy but continue to do the same old things.

A transformational strategy requires a transformation of the organizational structure. The structure of an organisation must allow strategy to cascade across and down the organisation in a way that meaningfully and efficiently delivers the strategy. Organisations that try and force a new strategy into an out-dated structure will find their strategy implementation eventually reaching a deadlock. One major reason why strategy execution fails is because the organisation does not get behind it. If staff and critical stakeholders in a particular organization do not understand the strategy and fail to engage, then the strategy has failed.

Strategy involves change: Change is difficult and human tendency is to resist it. So no matter how enlightened and inspiring your new strategic vision is, it will come up against hurdles and management must prepare the staff for these changes. An understanding of each of these hurdles and developing strategies to overcome them is critical. Strategic leaders must endeavour to bring on board influential employees, not just executive team members into the planning process. Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organisation engages with the strategy. Furthermore, listening across the organisation during strategy formulation is critical; some of the best ideas will come from within the organisation, not the executive team. An example would be 3M and its Post-It Notes. Communication: Every staff member must understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision. Communication of the strategy must be enriched through a combination of presentations, workshops, meetings, newsletters, intranets and updates. Strategy and performance updates should be continued throughout the year. It is also prudent for strategic management to engage the staff emotionally in the vision, a vision that they will want to invest and engage with would be a vision they believe in.

It is critical that all employees are aware of expectations. How are they expected to change, what and how are they expected to deliver, each individual must understand their functions within the strategy, the expected outcomes and how they will be measured. Lastly Strategies must be adaptable and flexible so they can respond to changes in both our internal and external environments. Strategy meetings should be held regularly throughout the year, where initiatives and direction are fully reviewed to check them against changes in external and competitive environments as well as internal environment for performance and strategic relevance. For strategy to succeed the whole organisation must engage with it, live and breathe it.

1.1.3 The Multinational Corporations of the Kenyan pharmaceutical Industry

The United Nations definition of a multinational corporation is "an enterprise which owns or controls production or service facilities outside the country in which it is based". Thus a multinational company carries on business operations in two or more countries. Its headquarters are located in one country (home country) but its activities are spread over in other countries (host countries).Kenya's rapidly growing pharmaceutical and consumer health market is estimated to be worth a whooping $160 million each year, with it's private health sector contributing approximately 13% to the GDP, this however, has largely remained unchanged since 1995(KPPB, 2007). Out of this, Pharmaceutical industries account for 10.3% in its contribution to the GDP. The growth rate is projected to reach 5.4 per cent this year (2014), up from 2.5 per cent recorded in 2009.

The Kenyan pharmaceutical industry consists of a host of players who include the research based multinational companies, local manufacturers mainly of generic medicines, importers of branded and non-branded generic medicines and counterfeits. There are a total of 42 companies listed as local manufacturers of which only one (GlaxoSmithKline) is a multinational company, 15 others are listed as institutional/facility based (UNIDO, 2010) and a further twelve as research-based multinational pharmaceutical (MNPCs) companies in Kenya, of these; seven have a regional offices in the country while five others have appointed agents. The remaining players in this market include distributors who also serve as agents of generic manufacturing companies.

Multinational pharmaceutical companies (MNPCs) rely heavily on the research and development model that is based on the innovation of novel treatments that, once patented and marketed successfully drive the company's large revenues and resultant growth through its parent company and subsequently its subsidiaries throughout the world. According to the Pharmaceutical Executive report, Exec top 50 which provides an annual ranking of the world's pharmaceutical companies based on their prescription drugs. Pfizer Laboratories retained its slot as the leading (MNPC) in terms of revenue based on the 2013 exchange rates. Other companies in the top ten positions include; Novartis, Merck, Sanofi Aventis, Hoffman le Roche, GlaxoSmithKline at sixth position, Astra Zeneca, Abbot and Eli-lily, (Pharmaceutical Executive, 2014 report based on 2013 revenues). It is important to note that these top ten MNPCs in the world also conduct marketing and sales activities in Kenya's neighbouring countries using Kenya as their regional base.

1.2 Research problem

Critical success factors for strategy implementation, define the very key elements that are essential for an organization to accomplish its mission or objective. Whether the mission is to complete a project, maximize organizational profits or remain relevant in its industry, these are the key factors that will allow the realization of the action plans that are laid out during strategy formulation.

It is of importance to appreciate the fact that MNCs mainly formulate their strategies at their parent company headquarters and role them out to their global operations for implementation. These strategies would therefore in many cases be expected to deliver the indigenous revenue objective based on parent company's perceived understanding of their global markets. Strategy implementation therefore faces a challenge as the local conditions may hinder its success as earlier perceived.

Multinational companies have been focusing on finding the next blockbuster drug to drive growth and profitability. The industry is however suffering from a lack of innovative drugs via the companies own R&D pipeline (Gassmann et al. 2004). Therefore Gassmsann et al. (2004) suggests companies can no longer rely on finding the next block buster alone. Multinational pharmaceutical companies and their subsidiaries have therefore been forced to relook and realign their strategies according to their external environments. One path to strengthen the R&D process (their core competency) is forming strategic alliances with external companies.

Although numerous studies acknowledge that strategies frequently fail not because of inadequate strategy formulation, but because of insufficient implementation, few scholars have critically examined this area of the strategic process in the pharmaceutical industry. The study by(Chesbrough 2006) looked at pharmaceutical companies, and concluded that those companies that are unable to sufficiently undertake development internally, align themselves to exploit the knowledge of other firms to complement their own resources.(Andreas Raps, 2005) asserts that the primary objectives of strategy formulation are somehow dissipated as the strategy moves into implementation and the initial momentum is lost before the expected benefits are realized. The central conclusion of the study of Kim & Mauborgne (1991) is that the procedural justice of the strategy formulation process ultimately affects the commitment, trust, and social harmony as well as the outcome satisfaction of managers in subsidiaries. Procedural justice provides a potentially useful but still unexplored way to mobilize a multinational's global network of subsidiaries. In the research article making strategy work; A literature review on the factors influencing the implementation strategy written by Y.Li, Guohui and S.,EpplerMJ (2008)yielded the conclusions that individual factors that influence strategy implementation are divided into: soft factors; people oriented factors: communications, consensus and commitment. Hard factors; institutional factors: organizational structure and administrative system and mixed factors; strategy formulation, SBU relationship among different hierarchical levels and strategy. Noble C.H.(1999) concluded in his study that, of the literature review in the field of strategic management, implementation has been explored to a very minimal extent and that's why a deeper reflection on the meaning of critical factors and the aspects that define a useful implementation framework for practitioners is needed.

Local studies have shown more focus on challenges faced by MNCs in strategy implementation in the pharmaceutical industry than key elements required for implementation of these strategies; The findings of the study by (Anyango,2011) show that there are various challenges in the implementation of strategy by MNCs and the most significant ones were; competition, high staff turnover, cultural restraint, political influence, fear of change, inadequate staffing, unsupportive government policy and poor infrastructure and inadequate funds to support strategy implementation.

(Jerop 2013) concluded that the challenges faced by MNCs in the pharmaceutical industry in implementing global strategies can be enumerated as; political interference, inadequate technologies, high cost of production just to mention but a few.(Nyaboke, 2012) confirmed in her study on sustainable competitive advantage that MNCs in the pharmaceutical industry agreed that possession of superior skills is the most common source of competitive advantage, which included, focus on recruiting the best talent in the market, investment in staff training, Possession of superior resources than those of competitors, responding to customers' requests and providing solutions to their customers' problems.(Aiko 2009) focused on what factors influence the development and implementation of strategy at GlaxoSmithKline,

These studies have mainly focused on the challenges of strategy implementation in the pharmaceuticals industry and have also outlined important indicators to be monitored that are crucial for successful implementation and related activities. An academic gap therefore exists amongst studies on critical success factors for strategy implementation that are specific to the pharmaceutical industry, studies in this area are very few and far between and hence the need for studies in this industry. This study aims to address this gap by answering the research question; what are the critical success factors for strategy implementation for Multinational corporations in the pharmaceutical industry in Kenya?

1.3 Research Objective

This main objective of this study was to determine the critical success factors for strategy implementation in the MNCs in the Kenyan pharmaceutical industry.

1.4 Value of the study

This study assists Multinational pharmaceutical companies and their regional Heads gain insights on the important factors that are a must for successful strategy implementation (a critical part of the strategic management process) and how to be better prepared for the challenges that may arise doing implementation of their strategies.

The findings of this study serve's to increase the body of knowledge in Strategic management by forming a secondary resource for scholars to reference in future studies on strategy implementation in the pharmaceutical industry, for researchers and academicians for professional extension of the existing body of knowledge.

This study hopes to serve as a source of invaluable information to government, policy makers, and regulators in the pharmaceutical industry on how good strategies may be adopted and subsequently put in place policies that will guide and encourage other organizations whether in government or outside government in strategy implementation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter seeks to provide an in-depth review on the strategy process. It will provide the theoretical framework upon which this study is based and scholarly writings on the concept of strategy, strategy implementation and its challenges as well as the critical success factors in strategy implementation.

2.2 Theoretical foundation

The dynamic capabilities theory focuses attention on the firm's ability to renew its resources in line with changes in its environment. As brought forth by Penrose (1959), turbulent environments may change the significance of resources for organizations. Dynamic capabilities refer to the firm's ability to alter the resource base by creating, integrating, recombining and releasing resources (Eisenhardt & Martin, 2000). The resource base of an organization includes its physical, human, and organizational assets (Eisenhardt & Martin, 2000). A firm's history and prior paths help determine its current tangible and intangible positions and asset bases, which lead to organizational processes. The firm uses its sensing capabilities to identify opportunities. Once they are identified, the firm invests in ("seizes") these opportunities to improve its organizational capabilities.

Then the firm actually recombines or reconfigures its organizational capabilities into new capabilities that better fit its environment.(Teece ,2007).This will therefore help an organization create new paths, positions that will in the long run lead to sustainable competitive advantage for one organization in relation to other competing firms.

The resource-based view (RBV) argues that firms possess resources, a subset of which enables them to achieve competitive advantage and a further subset which leads to superior long-term performance (Barney 1991;Grant 1991;Penrose 1959;Wernerfelt1984). Empirical studies of the firms performance using RBV have found differences not only between firms in the same industry(Hansel and Wernerfelt 1989) but also within the narrower confines of groups within Industries.(Cool and schendel 1988).This suggests that the effect of individual, firm specific resources on performance can be significant (Mahoney and Pandian,1992).

The Resource based View theory looks inside the organization to find the sources of competitive advantage. This theory proposes that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. Two types of resources are highlighted: tangible and intangible assets.

Tangible assets according to this theory are considered as physical things examples including; Land, buildings, machinery, equipment and capital. These confer little advantage to the companies in the long run because rivals can soon acquire the identical assets.

Intangible assets on the other hand include; Brand reputation, trademarks, intellectual property. Unlike the physical resources, these resources are built over time. Intangible resources usually found within a company and are the main source of sustainable competitive advantage.

RBV is based on two assumptions; the first assumption is that skills, capabilities and other resources that organizations possess differ from one company to another.

Therefore, RBV assumes that companies achieve competitive advantage by using their different bundles of resources.(heterogeneous resources).The competition between Apple Inc. and Samsung Electronics is a good example of how two companies that operate in the same industry and exposed to the same external forces, can achieve different organizational performance due to the difference in resources. Apple and Samsung compete in the same market, while Apple sells its products at much higher prices making bigger margins. Samsung follow a different strategy, due to the fact that Samsung does not possess the same brand reputation as Apple cooporation.

The second assumption of Resource Based theory is that resources such as brand equity, knowledge or intellectual property are immobile and rarely move from company to company. Due to this immobility, companies cannot replicate rivals' resources and implement the same strategies. While the above theories lay the foundation of understanding on how firms achieve competitive advantage. Michael Porter's concept of competitive advantage provides a great tool for comprehensive analysis of competitiveness with all its implications for a firm and the industry as a whole.

Porter's concept contributes to understanding the competitive advantage of nations/organizations in international trade and production. Its core however focuses upon individual industries, or clusters of industries, in which the principles of competitive advantage are applied. Since firms, and more so the MNCs compete in international markets, this concept forms an invaluable resource to these organizations.

2.3 Concept of Competitive Advantage

The concept of Competitive advantage is essentially a position of superiority on the part of the firm in relation to its competition, in any of the multitude of functions/activities performed by the firm. Michael porter in his concept of competitive advantage goes ahead to explain that a firm can gain a competitive advantage in several ways. This means that for firms with superiority, it may stem from the firm being efficient producer compared to rivals Superiority can also mean that the firm performs a given function differently distinct from the way other firms perform it. In either case, the firm gains a competitive advantage.

In developing a competitive advantage, a firm basically figures out how it can perform a particular function or group of functions, either, in a superior way, or in a distinctive way, relative to competition. The only other criterion is that the superiority/distinction has to be of value to the customer .This condition, is crucial for firms to accrue competitive advantage.

2.4 Concept of strategy

The concept of strategy revolves around deliberate attempts by an organization to obtain Sustainable long term advantage in the delivery of expectations of stakeholders and remain competitive for survival. Strategy therefore serves as a blueprint that is employed to bridge the gap between the organization's present position and adesired future. It is a combination of well calculated objectives, concepts, and resources within acceptable risk to create a favourable future outcome. Strategists thoroughly examine the external environment and develop a "blueprint" that identifies objectives, concepts, and resources required to accomplish the goals established by a company.

Michael Porter defines competitive strategy as; "finding a position in the industry where the company can best defend itself against competitive forces or can influence them in its favour." application of this proposed principle can help top and middle managers organizations to understand their current position, influence the structure positively or define a position, to enhance their competitive advantage.

It is important to note that there are different external elements which affect different strategies at different times and with varying strengths (Pearce and Robinson 1978). Further, because of these external elements, it is important for an organization to continually monitor internal and external events so that timely changes can be made as needed as environments are not getting more stable (Grant, 2005). Exploitation of these changes and more so in the international environment where MNCs operate, would then allow for crafting of appropriate strategies for the new competitive balance before opponents recognise it.

(Mintzberg, 1994) has defined strategy as a pattern in a stream of decisions and actions of an organization. Mintzberg looks at strategy from a 5Ps approach: a plan, ploy, pattern, position and perspective. As a plan, strategy specifies consciously an intended course of action, as a ploy it is a specific manoeuvre intended to outwit competition, as a pattern strategy emerges in a stream of actions over time, as a position strategy is a means to locating an organization in its environment and finally as a perspective strategy gives the organization an identity that reveals how people locate and perceive it.

There is no agreed definition of strategy, what comes out from the review of literature on strategy is that it is a consciously intended course of action or a guideline to a solution. Once the strategy is in place the next very crucial step is then strategy implementation. Robbins and Coulter (1996) stated in their write up that no matter how effective a company has planned its strategies; it will not succeed if the strategies were not implemented properly. For strategy to be beneficial to an organisation it must be successfully implemented.

2.5 Strategy implementation and Critical success factors

Strategy implementation or otherwise known as strategy execution is easily the most complicated and time-consuming part of strategic management (Thompson & Strickland, 2003). In contrast to this, strategy formulation is primarily an intellectual, creative act involving analysis and synthesis. Implementation on the other hand is a hands-on operation and action-oriented human behavioural activity that call for executive leadership and key managerial skills. Strategy implementing functions consist the act of finding out what it will take to make the strategy work and to reach the targeted performance on schedule.

It is action driven administrative task that cuts across many internal functions of an organization. (Thompson and Strickland, 1999). Once strategies have been developed, they will need to be implemented. Unless they are successfully implemented an organisation cannot obtain desired results. (Pearce and Robinson, 2002).

Barriers to strategy implementation have been identified as; competing activities that destruct attention from implementing the decision; changes in employees responsibilities not clearly defined; key formulator of the strategic decision not playing an active role in implementation, problems requiring top management involvement not being communicated early enough, overall goals not sufficiently defined, overall goals not sufficiently understood by employee; uncontrollable factors in the external environment, surfacing of major problems not identified during formulation, advocates and supporters of the strategic decision leaving the organization during implementation and implementation taking more time than earlier allocated. (Al-Ghamdi,1998).

Many researchers have discussed the metrics coherent with strategy formulation and implementation principles. One of the most mentioned concepts is the balanced scorecard by Kaplan and Norton in the 1990s.This concept proposes that every firm should adopt a specific set of key performance indicators. These whether driving activities led to the expected results. Performance indicators must follow critical implementation factors what include: 1. Measuring necessary time for strategy execution, 2. Organizational structure adequacy, 3. Organizational culture adequacy, 4. Resource planning and 5.Leadership.

Organizations must ensure that every strategy-related action has a due date. This can be achieved by build into the strategic plan, milestones that must be achieved within a specific time frame. Alternatively, organizations may opt to schedule sixty-day strategy reviews by senior management. These will provide an opportunity to take another look at the original plan, determine whether strategic objectives are being met, and agree on new action steps as necessary. Managers may let the due date slip, but should not let it go away. This will hold each and every stake holder accountable for the deadline of their actions in strategy execution.

A transformational strategy requires a transformation of the organizational structure. The structure of an organisation must allow strategy to cascade across and down the organisation in a way that meaningfully and efficiently delivers the strategy.

Organisations that try and force a new strategy into an out-dated structure will find their strategy implementation eventually reaching a deadlock.

Weihrich and Koontz (1993) look at culture as the general pattern of behaviour, share beliefs and values that members have in common. Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, belief and patterns of behaviour over time. This implies that organizational culture sets the tone for the company to establish rules on how people should behave and in essence how successfully strategy will be implemented. A strategy-supportive corporate culture enhances the ease in execution of strategy; it promotes an environment where employees are encouraged to work hard (and intelligently) toward the accomplishment of the strategy.

Organisational performance should also be closely aligned to strategy. Performance measures should be placed against strategic goals across the organisation and each division and staff member. All staff will therefore have job functions that will impact on strategy. Strategic management must ensure employees are aware of their role and influence on strategy delivery and performance. Norton and Kaplan in their book ‘The Execution Premium’ recommend cross functional strategic initiatives be allocated specific budget alongside capital and operating budgets. This protects strategic expenditure from being re-allocated to short-term requirements of operating budgets whilst subjecting strategic initiatives to a rigorous review.

Strategy involves change. Change is difficult and human tendency is to resist it. So not matter how enlightened and inspiring the new strategic vision maybe, it will come up against hurdles and management must prepare the staff for these changes. Tipping

Point Leadership theory (a key principle of the Blue Ocean Strategy methodology) outlines four key hurdles that executives must overcome to achieve execution. Those hurdles are cognitive, resource, motivation and political hurdles. An understanding of each of these hurdles and developing strategies to overcome them is critical. Strategic leaders must endeavour to bring on board influential employees, not just executive team members into the planning process. Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organisation engages with the strategy and ensure its successful implementation.

For factors external to the organization affecting strategy implementation, it is important to set up a detailed assessment of their occurrence and impact. It is also important to apply quantitative and qualitative indicators**.** The factors above may not be exhaustive as critical success factors in strategy implementation may be case dependent, but as companies look for ways to implement corporate-level strategies, this offers a checklist for the process.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a guide on the intended research design for the study; it offers an explanation on, data collection method, description of the target population and the analytical framework of data analysis.

3.2 Research Design

A Census survey was employed in this study to gain insights on how strategy is currently implemented among the top Multinational Pharmaceutical Corporations in Kenya. This survey will help determine what management of these organizations consider as the critical success factors for implementation of their strategies.

A census survey was selected for this study as the population of study is small and the entire population the Multinational Pharmaceutical firms in this study are headquartered in Nairobi. This offers convenience of administration and therefore favours capturing all the relevant data to enable comparison of the critical factors in strategy implementation for the Multinational pharmaceutical Corporations in Kenya. A census study enhances wide representation of the current state and a definite answer to the research questions (Mugenda & Mugenda, 2003).

3.3 Population of the Study

The top twelve research-based multinational pharmaceutical companies based on 2013 global revenue that have subsidiaries/regional offices in Kenya will form the population of the study under which the findings of this study will be based. These corporations form the top Multinational Pharmaceutical companies in the world, according to The Pharma exec's Report, on the top twelve Multinational companies based on 2013 Global Revenue. This will provide a good representation of the study subject to help answer the research question.

The population of study presents a manageable and accessible population since these corporations are all headquartered in Nairobi where the study will be conducted. A population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated (Ngechu, 2004).

3.4 Data Collection

Data was collected through the use of a structured questionnaire. These questionnaires will contain close ended questions and will be administered through a drop and pick later method. To the respondents in these organizations who will include; Chief Executive officers or their equivalents, Business development Managers, Product Mangers and Sales Managers responsible for strategy implementation in the Multinational Pharmaceutical companies under study.

The questionnaire was a self-developed questionnaire and will be pre-tested with respondents in two companies to determine if there were any irregularities in interpretation. Responses from the pre-tests will then be used to re-design the final questionnaire if need be. Filled in questionnaires will thereafter be collected from the respondents in person.

3.5 Data Analysis

Data analysis means categorizing, ordering, manipulating and summarizing data to obtain answers to research question. Karlirger (2000) Data collection for this study will be conducted through the use of a structured questionnaire and checked for accuracy, consistency and completeness. The data collected will then be coded and tabulated to facilitate its analysis, descriptive statistics involving use of mean, mode and median will therefore be used with tabulation of findings.

Factor analysis was employed in this study in description of the wide variety of variables, using a few factors. This will help analyze the aspects of independent variables that maybe correlated to the dependent variables; it will at the same time reduce these variables into a manageable number

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

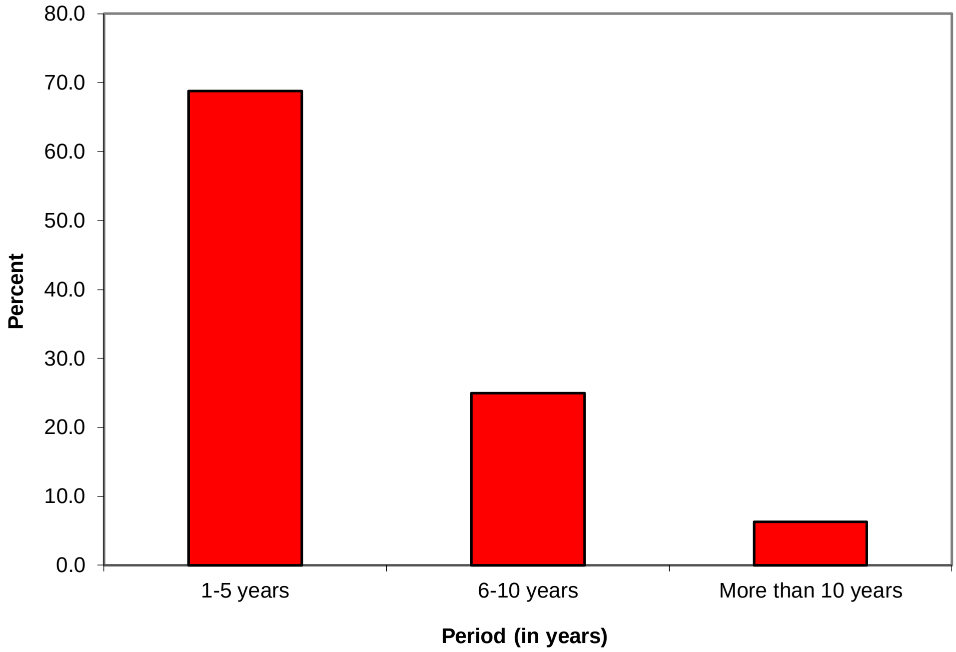
4.1 Introduction

This chapter looks at analysis of data after collection in accordance with the study objective which was to determine the critical success factors for strategy implementation in the Multinational Cooporations in the Kenyan pharmaceutical industry. The first section looks at the demographic information of the respondents.. The second section of this chapter will cover what these cooporations consider as the Critical success factors for strategy implementation. The third section will look at how MNPCs localise their Global strategies and the fourth section will cover the response strategies for Competitive Advantage and the last section a discussion of the findings.

4.2 Demographics

This sections looks at the population of this study .It looks at the general information about the respondents, number of years they have held their current positions, companies that were profiled, their ownership structures and the number of countries they operate in within East Africa.

4.2.1 General information and company profile



Source: Research data(2014).

Figure 4.2.1.1: Number of years for strategic managers in their current positions.

A total of 36 questionnaires were administered to the top twelve pharmaceutical Multinational Cooporations with a presence in Kenya based on their 2013 revenue. The questionnaires were filled by the Chief executive officers or their equivalents, business development managers, marketing managers, product managers and sales managers who are directly involved in strategy implementation.

Sales managers formed the bulk of the respondent at (50%), followed by product managers (22%), Account managers formed (6%) while General Managers formed (3%) of the respondents population.

This was mostly influenced by availability and accessibility of the company strategic leaders who operate very strict schedules.68% of the respondents had held their current position for a minimum of five years within the same organizations while less than 10% had held their positions for more than 10 years, these were mainly senior management. Figure 4.2.1.1 above illustrates these statistics in a bar chart format.

4.2.2 Company profiles

Out of the 36 questionnaires distributed, 32 were received amounting to a response rate of 89% which was deemed as adequate for analysis of the research objective. The multinational companies profiled in this study are enumerated in table 4.2.2.1 below: All these organizations have administrative offices in Nairobi with a few having regional offices in other counties mainly; Kisumu, Mombasa and Eldoret.

Table 4.2.2.1: Companies profiled in the study

Name of Company	Frequency of Respondents	percentage %
Astra Zeneca	3	9.4
Bayer International	2	6.3
Boehringer Ingelheim	2	6.3
GSK	5	15.6
Isis Africa (Eli Lilly)	2	6.3
Johnson and Johnson	4	12.5
Merck Ltd	3	9.4
Norvatis	3	9.4
Novo Nordisk	2	6.3
Pfizer labs	4	12.5
Roche Kenya Ltd	1	3.1
Sanofi	1	3.1

Source: Research data(2014)

4.2.3 Ownership structure

Table 4.2.3.1: Ownership structure frequency table

Ownership structure	Frequency	Percentage %
Subsidiary	19	59.4
Parent company	12	37.5
Branch	1	3.1
Total	**32**	**100.0**

Source: Research data(2014).

Respondents from the population of Multinational pharmaceutical cooporations in Kenya under this survey indicate that ownership for their organizations is entirely foreign owned with a majority being subsidiaries at (59%), parent companies were (38%) and a small portion of them being branches at (3%).This aspect was of critical importance to the research objective of the study and is demonstrated in Table 4.2.3.1above.

4.2.4 Number of years of operations in the Kenyan Pharmaceutical Industry.

Table 4.2.4.1:Operations in the Kenyan pharmaceutical industry.

Number	Frequency	Percentage %
Less than 20 years	21	65.6
More than 20 years less than 50 years	5	15.6
Over 50 years	6	18.8
Total	**32**	**100.0**

Source: Research data(2014).

Of the population of 32 respondents, 21 indicated that their organizations have been in operations for less than 20 years, five respondents indicated more than 20years and 6 over 50years, this is a clear indication that over 60% of the MNPC's in the Kenyan pharmaceutical industry have been in operations for twenty years at minimum, in turn this means that these organizations have a good understanding of the Kenyan pharmaceutical industry and have been implementing strategies within this market there by being in a position to give insights on the objective of this study.

4.2.5 Operations of the Multinational Pharmaceutical cooporations Within East Africa.

Table 4.2.5.1: Operations within East African countries Frequency

Frequency	Mean	Standard Deviation	Minimum	Maximum
32	3	1.0	1	5

Source: Research data

Data collected from the research study indicated that all the companies represented by the 32 respondents operate in three East African countries on average.One East African country at minimum and five of the Eastern Africa region at maximum. These include majorly; Kenya, Uganda Tanzania, Rwanda and Ethiopia as the main markets with offices, subsidiaries branches and or distribution networks.

4.2. 6 Employee numbers in the Kenyan Multinational Pharmaceutical Cooporations.

The MNC's operating in the Kenyan Market and East Africa by extension had between 1 and 200 employees as at end of the year 2013,as indicated by (79%) of the respondents . This indicates a lean structure among the pharmaceutical companies by all measure, with a small portion of the industry (13.8%) having over 800 employees. This portion of the industry was mainly comprised of well-established MNC's that have had operations in the market for over fifty years with a dominant presence in the East African region as well.

Table 4.2.6.1: Employee numbers Frequency Table

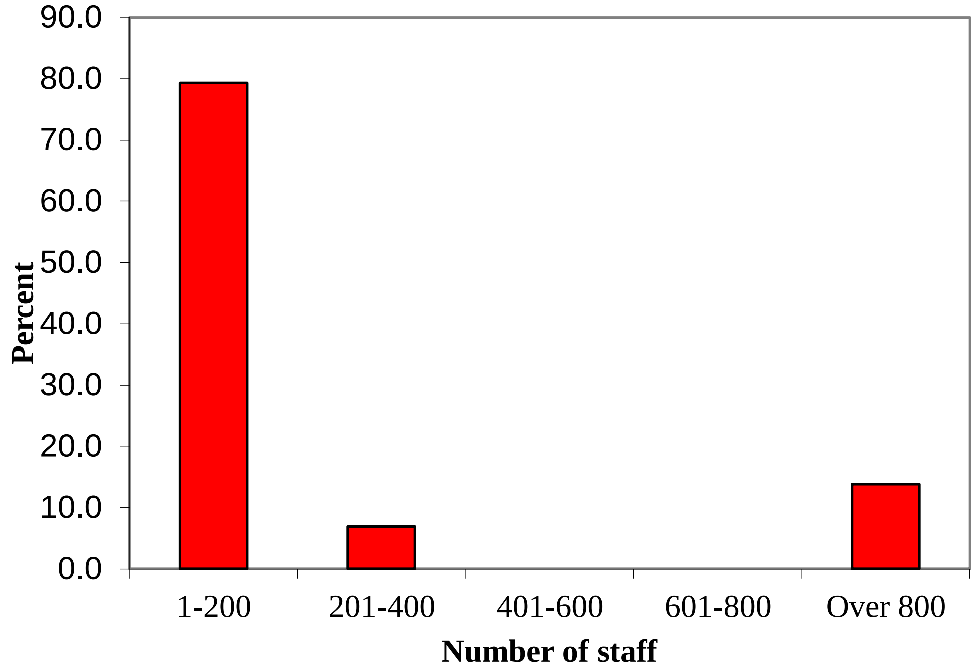
Number	**Frequency**	**Percentage (%)**
1-200	23	79.3
201-400	2	6.9
401-600	0	0.0
601-800	0	0.0
Over 800	4	13.8
Total	**29**	**100.0**

Source: Research data

The number of staff in the Multinational cooporations in the Kenyan pharmaceutical industry is between 1 and 200 employees, with a 79% as illustrated in the table above. This is a substantial number that is spread among various departments in these organizations with a majority of their employees being in the marketing department, popularly referred to as Medical representative with the rest being spread between; Human resources, finance, administration and mid-level management.

Figure below gives a clear picture of the employee numbers in these organizations.

A few well established cooporations have above 800 employees at 13.8% and these organizations have also had operations in the country as well as the East African region for approximately more than 50 years.



Source: Research data(2014).

Figure 4.2.6.2: Distribution of Employees among Kenyan MNC

4.3 Critical success factors for Strategy Implementation

It is evident that Multinational pharmaceutical cooporations operating in Kenya have specific factors that they consider important in successful implementation of strategies in their organization. The respondents in this study had a five point scale and were asked to rate from a list of factors, the extent to which they are important for strategy implementation in their respective organizations. The factors that appeared to carry more weight across a majority of the MNPC's for success in strategy implementation included; A Specified time frame allocated for strategy implementation, resources being set aside for new strategy and senior management of the organizations being at the forefront in providing leadership to enable a successful strategy implementation.

Deliberate consideration of Obstacles surfacing during implementation that were not envisioned during formulation and ensuring that Strategy formulators having active roles in strategy were not considered as important for strategy formulation at present in these pharmaceutical cooporations. This is demonstrated in table 4.3.1 the below.

Table 4.3.1: Critical success factors for strategy implementation Frequency

	Not at		**Little extent %**		**Moderate %**		**Great extent %**		**Very great %**		
Variables	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Weighted mean
Specified time frame allocated for strategy implementation	0	0.0	1	3.1	0	0.0	3	9.4	28	87.5	4.81
Obstacles surfaced during implementation that were not envisioned before hand	2	6.3	1	3.1	8	25.0	10	31.3	11	34.4	3.84
Clear and concise communication of the strategy to the staff	0	0.0	0	0.0	6	19.4	2	6.5	23	74.2	4.41
Resource set aside for new strategy	0	0.0	0	0.0	1	3.1	7	21.9	24	75.0	4.72
Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy	0	0.0	0	0.0	5	17.9	2	7.1	21	75.0	4.00
Focus and accountability on new strategy by entire organisation	0	0.0	1	3.1	3	9.4	8	25.0	20	62.5	4.47
Organisational structure that is supportive	0	0.0	1	3.1	4	12.9	9	29.0	17	54.8	4.22

Senior management being at the forefront in providing leadership to enable a successful strategy implementation	0	0.0	1	3.1	1	3.1	6	18.8	24	75.0	4.66
Strategy formulators having active roles in strategy implementation	0	0.0	3	9.4	9	28.1	6	18.8	14	43.8	3.97

Source: Research data(2014).

4.4 Localising Global Strategy

Factors that appeared to be highly considered effective for localising global strategy among MNPC's in Kenyan Pharmaceutical industry included; Local training of staff to enhance technological competence with a weighted mean of (4.32) compared to the other factors for localising global strategies, according to the respondents ranking from the likert scale. Developing a differentiated distribution channels across East Africa markets is also considered critical when it comes to tactics for localising global strategies in these multinational organizations as illustrated in table 4.4.1 below, with a weighted mean of (3.87). These organizations have also had to modify their global strategy to suit their local environment in one way or another to a moderate extend (weighted mean3.4).

It of importance to note that when it comes to Multinational pharmaceutical cooporations operating in Kenya, working together with Kenyan government for infrastructure development or Proactively seeking good relationship with the government featured very minimally as a way to localise their global strategies to fit their local environments.

Table 4.4.1: Localising global strategy Frequency Table.

Variables	Not at all		Little extent		Moderate extend		Great extent		Very Great extent		
	%	Frequency.	%	Frequency	%	Frequency	%	Frequency	%	Frequency	Weighted mean
Modify global strategy to suit local environment	0	0	6.3	2	53.1	17	34.4	11	6.3	2	3.41
Harmonize accounting practices to reduce financial risks	0	0	34	11	21.9	7	34.4	11	9.4	3	3.19
Merge East Africa markets to enlarge market	13.3	4	13	4	26.7	8	30.0	9	16.7	5	3.23
Proactively seek good relationship with the government	15.6	5	12.5	4	37.5	12	18.8	6	15.6	5	3.06
Develop differentiated distribution channels across East Africa markets	6.7	2	6.7	2	16.7	5	33.3	4	36.7	11	3.87
Working together with Kenyan government for infrastructure development	29	9	16.1	5	41.9	13	12.9	10	0	0	2.39
Local training to enhance technological competence	3.2	1	0	0	3.2	1	48.4	15	45.2	14	4.32

Source: Research data(2014).

4.5 Response strategies for Competitive Advantage

It is evident from the data that the entire population of respondents indicated that deliberate strategies must be put in place as response strategies to competition to achieve competitive advantage. Respondents were asked to rank strategies on a scale of 1 to 4 that their organizations have put in place as response strategies for competitive advantage, from those that are very effective and those that are very ineffective. This is illustrated in table 4.5.1 below.

Table 4.5.1: Response strategies for competitive Advantage Frequency

Variables	Very effective		Quite effective		Quite Ineffective		Very Ineffective		
	%	frequency	%	frequency	%	frequency	%	frequency	Weighted mean
Production of standardized products at very low costs for price sensitivity	34.4	11	21.9	7	21.9	7	21.9	7	2.31
Reduction of operating expenses to maximize on revenues	28.1	9	15.6	5	46.9	15	9.4	3	2.38
Strategic alliances with other key stakeholders in the industry	34.4	11	18.8	6	25.0	8	21.9	7	2.34
Possession of detailed knowledge on customers' needs, tastes and preferences by our employees	53.1	17	15.6	5	0	0	31.3	10	2.09
Hiring and retraining top talent	46.9	15	18.8	6	9.4	3	25	8	2.13
Partnering with customers to produce highly customized products	32.3	10	12.9	4	22.6	7	32.3	10	2.55
Continuous product improvement and innovations	53.1	17	15.6	5	0	0	31.3	10	2.09
Selling of products at lower prices than competitors	10.7	3	21.4	6	21.4	6	46.4	13	3.04
Production of unique products for a specific target market	50	16	12.5	4	12.5	4	25	8	2.13

Source: Research data

4.6 Principal Component Analysis for Critical Success Factors for strategy implementation.

Data collected from the 32 questionnaires presented a host of factors that are critical to each individual organization for strategy implementation. Before extraction, there were as many factors as the number of variables in the data, as expressed in the tables above. Using SPSS, Factor analysis was used to identify the major components that are critical for strategy implementation. At the onset of this analysis three factors were used for analysis of sections B, C and D of the questionnaire for ease of interpretation. From factor analysis various parameters were then used to reduce the data to a manageable size. These parameters included: Eigen values, percentage variances, Extraction Sums of Squared Loadings and Rotation Sums of Squared Loadings, these are all expressed in the rotation matrix tables from each section of the questionnaire.

For section B of the questionnaire, the eigenvalues associated with each factor represented the variance explained by that particular linear component and SPSS also displayed the eigenvalue in terms of the percentage of variance explained. The first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance, illustrated in the table below. There are 3 eigenvalues greater than 1.0

Table 4.6.1: Rotation matrix for critical success factor for Strategy Implementation

Component	Initial Eigenvalue			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.551	50.570	50.570	4.551	50.570	50.570	3.616	40.172	40.172
2	1.660	18.446	69.017	1.660	18.446	69.017	1.173	13.037	53.210
3	1.068	11.863	80.880	1.068	11.863	80.880	1.091	12.123	65.333
4	.900	10.004	90.884	.900	10.004	90.884	1.069	11.875	77.208
5	.334	3.707	94.590	.334	3.707	94.590	.875	9.718	86.925
6	.223	2.476	97.067	.223	2.476	97.067	.864	9.596	96.522
7	.169	1.879	98.946	.169	1.879	98.946	.193	2.143	98.664
8	.090	1.001	99.947	.090	1.001	99.947	.115	1.281	99.945
9	.005	.053	100.000	.005	.053	100.000	.005	.055	100.000

Source: Research data(20140).

Table 4.6.2 below show the factor loading values after rotation. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of two factors is equalized. Loadings highlighted in bold correlate and load onto one component.

In this case Component one represents: Clear and concise communication of the strategy to the staff, Resources set aside for new strategy, Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy and Organisational structure that is supportive. Second component; Obstacles surfaced during implementation that were not envisioned before hand and Third component; specified time frame allocated for strategy implementation.

Table 4.6.2: Loading values for critical success factors for Strategy Implementation.

Variables	Components								
	1	2	3	4	5	6	7	8	9
Specified time frame allocated for strategy implementation	.157	.002	**.971**	.018	-.123	.131	.003	.009	.001
Obstacles surfaced during implementation that were not envisioned before hand	.165	**.924**	.021	.030	.306	.156	.000	.001	.000
Clear and concise communication of the strategy to the staff	**.942**	.168	.207	.011	.068	.127	-.109	-.081	.053
Resource set aside for new strategy	**.871**	.036	.140	.114	.013	.324	.027	.320	.000
Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy	**.970**	.147	.017	.046	.106	.098	-.079	-.075	-.046
Focus and accountability on new strategy by entire organisation	.401	.249	.223	.241	.172	.800	.022	.016	.000
Organisational structure was that is supportive	**.889**	.027	.035	.117	.076	.120	.416	.015	.000

Senior management being at the forefront in providing leadership to enable a successful strategy implementation	.089	.034	.017	.983	.079	.134	.015	.008	.000
Strategy formulators having active roles in strategy implementation	.133	.453	-.186	.120	.842	.141	.013	.000	.000

Source: Research data(2014).

4.7 Principal Component Analysis for factors for Localising Global strategies.

Data collected from section C of the questionnaire indicated at how MNPC's in this study have had to localise their global strategies to local environments. The first three Initial eigen values before extraction were the highest as illustrated in table 4.7.1below.

The percentage of variance column illustrates the total variance accounted for by the individual factors where as the cumulative percentage of variance shows total variance accounted for by current and all preceding factor variances totalling up to 100%.The extraction sums of squared loadings column correspond to the number of factors retained for extraction from section C of the questionnaire, this analysis pre-set three factors for analysis and those are the first three in this column. Finally the rotation sums of square loadings for this section of the questionnaire illustrates the distribution of the variance among the factors after rotation, the total amount of variance accounted for is redistributed over the extracted factors.

Table 4.7.1: Initial Eigen values for factors with high correlations in Localising Global Strategies

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.143	30.612	30.612	2.143	30.612	30.612	1.005	14.363	14.363
2	1.368	19.549	50.161	1.368	19.549	50.161	1.005	14.360	28.723
3	1.083	15.469	65.629	1.083	15.469	65.629	1.005	14.351	43.074
4	.860	12.279	77.909	.860	12.279	77.909	1.000	14.284	57.358
5	.623	8.894	86.803	.623	8.894	86.803	.997	14.240	71.598
6	.487	6.961	93.764	.487	6.961	93.764	.996	14.229	85.827
7	.437	6.236	100.000	.437	6.236	100.000	.992	14.173	100.000

Source: Research data(2014)

After the initial eigen values, the content of questions were then loaded onto the same components to try to identify common themes (see table 12 below)there is one variable for each of the factors 1, 2 and factor 3 highlighted in bold).This clearly illustrates the main factors involved in localising global strategies to suit local challenges and opportunities to strategy implementation; Modify global strategy to suit local environment, with a loading of (0.972),Proactively seek good relationship with the government(0.984) and Local training to enhance technological competence with a factor loading after extraction of(0.981) as demonstrated in table 4.7.2 below.

Table 4.7.2: Extraction of critical success factors in Localising Global strategies.

	Component						
Variables	1	2	3	4	5	6	7
Modify global strategy to suit local environment	**.972**	.043	.073	-.085	-.039	.095	.172
Harmonize accounting practices to reduce financial risks	.183	.141	-.026	.107	.134	.093	.953
Merge East Africa markets to enlarge market	-.041	.060	-.011	.244	.948	.133	.134
Proactively seek good relationship with the government	.042	**.984**	-.067	.035	.054	.072	.129
Develop differentiated distribution channels across East Africa markets	-.089	.038	-.063	.952	.241	.105	.106
Working together with Kenyan government for infrastructure development	.099	.077	-.168	.104	.130	.959	.092
Local training to enhance technological competence	.072	-.068	**.981**	-.057	-.011	-.157	-.024

Source:Research data(2014)

4.8Principal component analysis factors for response strategies for competitive advantage.

Factor analysis on data collected for response strategies for competitive advantage, revealed three high initial eigen values as shown in table 13 below. These three components had an eigen value of more that 1.0.This showed that these factors had some variations that were thereafter used to extract some common themes. The table below gives a comprehensive overview of the percentage variance, extraction sums of squared loadings and cumulative percentages for factors that respondents indicated as response strategies for competitive advantage.

Table 4.8.1: Extraction of factors for response strategies for competitive Advantage

Comp	Initial Eigenvalues			Extraction Sums of Squared Loadings			Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.896	43.287	43.287	3.896	43.287	43.287	2.643	29.371	29.371
2	1.547	17.186	60.473	1.547	17.186	60.473	1.065	11.833	41.205
3	1.487	16.519	76.992	1.487	16.519	76.992	1.050	11.667	52.872
4	.650	7.221	84.213	.650	7.221	84.213	1.049	11.660	64.532
5	.530	5.884	90.097	.530	5.884	90.097	1.036	11.515	76.047
6	.392	4.357	94.455	.392	4.357	94.455	1.024	11.374	87.421
7	.260	2.894	97.349	.260	2.894	97.349	.546	6.071	93.493
8	.178	1.976	99.325	.178	1.976	99.325	.518	5.754	99.247
9	.061	.675	100.000	.061	.675	100.000	.068	.753	100.000

Source: Research data(2014)

Table 4.8.2: Critical factors in response Strategies for competitive advantage.

Variables	Components								
	1	2	3	4	5	6	7	8	9
Production of standardized products at very low costs for price sensitivity	.122	-.030	-.014	.958	.181	.171	-.062	.012	.003
Reduction of operating expenses to maximize on revenues	.177	-.155	.016	.172	-.016	.955	.025	.051	.000
Strategic alliances with other key stakeholders in the industry	.356	.092	**.921**	-.017	.017	.012	.088	.087	.002
Possession of detailed knowledge on customers' needs, tastes and preferences by our employees	**.890**	.136	.181	.200	-.067	.123	.180	.162	.194
Hiring and retraining top talent	**.911**	-.002	.304	.068	-.073	.160	.074	.079	-.174
Partnering with customers to produce highly customized products	.115	**.956**	.082	-.031	.173	-.158	.037	.097	.005
Continuous product improvement and innovations	**.642**	.078	.180	-.150	-.195	.049	.689	.109	.004
Selling of products at lower prices than competitors	-.124	.171	.012	.181	.956	-.016	-.084	-.046	.000
Production of unique products for a specific target market	**.638**	.253	.190	.027	-.108	.120	.116	.672	.004

Source: Research data(2014)

Ranking for components in Critical success factors for strategy implementation

	Components	Initial eigen values	Variance factor Loading
Implementation of strategy	Clear and concise communication of the strategy to the staff	**4.551**	**0.942**
	Resource set aside for new strategy		**0.871**
	Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy		**0.970**
	Organisational structure was that is supportive		**0.889**
	Specified time frame allocated for strategy implementation		**0.971**
	Obstacles surfaced during implementation that were not envisioned before hand	**1.660**	
Localising Global Strategies	Modify global strategy to suit local environment	**1.068**	**0.924**
	Proactively seek good relationship with the government		
	Local training to enhance technological competence	**2.143**	**0.927**
	Possession of detailed knowledge on customers' needs, tastes and preferences by employees	**1.368**	**0.984**
	Hiring and retraining top talent	**1.083**	**0.981**
	Continuous product improvement and innovations		
Response strategies for	Production of unique products for a specific target market	**3.896**	**0.890**
	Partnering with customers to produce highly		

competitive Advantage	customized products		
	Strategic alliances with other key stakeholders in the industry		**0.911**
			0.642
			0.638
			0.956
		1.547	**0.921**
		1.487	

This data was then collated to show which specific factors show common themes and answer the research objective of what the critical success factors for strategy implementation among Multinational pharmaceutical cooporation are. Table above clearly enlist the most critical success factors for strategy implementation in totality taking into account all the aspects of; localising global strategies and response strategies for competitive advantage according to data collected from the entire population of respondents.

In summary, it is evidenced by the data collected that the critical success factors for

strategy implementation for Multinational pharmaceutical cooporations in the Kenyan Pharmaceutical industry include and are limited to Management of these organization ensuring that there is a very Clear and concise communication of the strategy to the staff this factor had a factor loading of (0.942) and is highly correlated to Resources set aside for new strategies (0.871).These two very important factors are also closely correlated to Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy (0.970) and Organisational structure was that is supportive (0.889).These factors all load onto one component. These four factors a high correlation to one another and can therefore form one “invisible” factor and through factor analysis have been reduced to one overall factor (component) to answer in part the research objective of critical success factors to strategy implementation.

The second component that emerged as critical was Specified time frame allocated for strategy implementation with a loading of (0.971). Timelines are therefore very critical when it comes to successful strategy implementation. The third component with a loading of (0.924) after factor extraction was consideration of Obstacles that may surface during implementation that had not envisioned beforehand.

A large number of the Multinational cooporations operating in the Kenyan Pharmaceutical industry indicate from the responses that they have had to localise their global strategies for successful implementation. In this respect localisation of global strategy was mainly through modification of global strategy to suit local environment, with a loading of (0.927), as the first key component. Multinational Pharmaceutical cooporations proactively seeking good relationship with the government (0.984) as the second component and Local training to enhance technological competence (0.981) as the third component. Analysis was able to show the factors that were highly correlated and highlight them as the key themes in line with the research objective.

These organizations have all put in place response strategies to maintain competitive advantage and factor analysis was able to identify the major components as; Possession of detailed knowledge on customers' needs, tastes and preferences by their employees, hiring and retraining top talent, continuous product improvement and innovations and production of unique products for a specific target market which loaded onto one component. Partnering with customers to produce highly customized products was identified as a second component and Strategic alliances with other key stakeholders in the industry as the third.

4.9 Discussion

It is evident that after a thorough analysis of this data, nine distinct factors emerge as the most important when it comes to strategy implementation among Multinational Pharmaceutical corporations operating in the Kenyan industry from the huge amount of factors collated from this research as critical success factors to strategy implementation.

One group of factors was; Clear and concise communication of strategy to staff. The role of managers in an organization is significant for effective people management and effective communication towards effective strategy implementation (Aaltonen and Ikavalko 2002).Resources set aside for strategy implementation, Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy and Organisational structure that is supportive. These factors can then be given one general title or name as they load onto one component showing that they form one theme and labelled as; Infrastructural issues in relation to this study.

Another distinct factor critical for strategy implementation success that has been demonstrated is Allowance for un-envisioned obstacles; putting into consideration Obstacles that may surface during implementation that were not necessarily envisioned beforehand. Successful implementation in part involves preventing implementation problems from occurring in the first place(Alexander, 1985).Affirms this point. Time frame; specified time frame allocated for strategy implementation was also demonstrated from data to be critical in pursuit for strategy implementation success.

Multinational organizations operating outside their home countries have had to consider, global strategy modification for competitive advantage, data suggest that MNC's operating in Kenyan pharmaceutical industry have at one point or another modified their global strategies to adapt to their local environments, this has been demonstrated by the fact that this factor accounted for 14% correlation after extraction by factor analysis showing significance by loading highly onto one component.

Multinational Pharmaceutical cooporations have also had to proactively seek good relationship with the local government in implementation of their strategies; this has been demonstrated to be a factor critical for implementation of strategies among companies in the pharmaceutical industry. Another factor of importance is Training; Local training of staff operating in these environments will enhance their technological competence for competitive advantage.

The pharmaceutical environment is a very competitive one,97%of the population of respondents indicated that Multinational pharmaceutical cooporations consider competition a significant factor to consider when looking at ways to attain a competitive edge in the industry. MNPC's in the Kenyan pharmaceutical industry have taken deliberate measures to remain competitive in their industry, which include; People-product mix, that involve the organizations ensuring that their employees posses detailed knowledge of customers' needs, tastes and preferences, Hiring and retraining top talent and Production of unique products for specific target markets.

Data from this survey has also shown that Strategic alliances with key stakeholders in the industry is key to attaining competitive advantage, for example, the strategic alliance between GSK and Dr Reddys pharmaceuticals from India, where Gsk has rights to market some of Dr Reddy’s generic products.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a brief summary of the findings on the research topic in line with the study objective. It also details the limitations of the study, importance of the study to the stakeholders identified in value of the study and recommendations brought forth for further research.

5.2 Summary

The objective of this study was to determine the critical success factor for strategy implementation among Multinational cooporations in the Kenyan pharmaceutical industry. The Respondents representing all the MNC's included in this research study agree that successful strategy implementation of, either global strategies or localised strategies is of great importance to their organization's attainment of its objectives and competitive advantage.

It is very evident across the various MNPC's in Kenya that there are very specific factors considered to be the "heart beat" of successful strategy implementation. These factors vary in rank from one organization to the next but remain the critical success factors in strategy implementation across the board. These factors are limited to: resources being set aside specifically for strategy implementation to enable the accomplishment of strategic actions without any set-backs, these resources are not to be reallocated to any other projects within the organization.

Communication was indicated, from the data as a strong point and a clear and concise communication of the strategy by management to the entire organization.

Organizational structure that is supportive also featured strongly. Planning, co-ordinating, monitoring and delegation of responsibilities are also very key in strategy implementation in the pharmaceutical industry. Though to a lesser extent, Obstacles surfacing during strategy implementation and specific time frame allocated for strategy implementation must also be considered.

A Majority of Multinational pharmaceutical companies operating in the Kenyan Pharmaceutical industry have had to localise their global strategies to a moderate extent be able to harness the opportunities in their local environments as evidence by 53% of respondents responding in the affirmative. These organizations have also had to proactively seek good relationships with the local government through various initiatives, for example, providing subsidised prices for their products to government institutions like district hospitals making these products available to the masses and also funding of community projects in conjunction with the government. They have also had to tailor make their training modules for local staff members to enhance technological competence.

All MNPC's appreciate that competition is a significant determinant to their organization's success. These organizations have also gone to the extent of putting in place strategies to attain competitive advantage. In the Kenyan pharmaceutical industries these organizations have endeavoured to ensure their employees posse detailed knowledge of their customers' needs, tastes and or preferences, they also ensure that the hire and have put in place strategies to retain top talent through their global and or local human resources departments. Production of unique products for specific target markets and Strategic alliances with key stakeholders in the industry also featured an avenue for maintain a competitive advantage in the industry.

5.3 Conclusion

Based on the results of the descriptive and factor analysis, it can be concluded that the target respondents from the participating organizations constitute comprehensive representation that allows for drawing of specific and concise conclusions onstrategy implementation in the pharmaceutical industry and especially among Multinational Pharmaceutical companies. Due to globalization and increasing competition from manufacturers of generic drugs in the pharmaceuticals industry Multinational pharmaceutical cooperation operating in the Kenyan market have had to relook their strategies and how they are implemented.

The data presented in this research study indicate that critical success factors for strategy implementation such as infrastructure issues that include; resources being set aside for strategies, management being at the forefront in communicating the new strategy and supportive organizational are some of the bare minimum requirements for successful strategy implementation. These issues must therefore be implemented in organizations not only in the pharmaceutical industry but any organizations that harbour any intentions of being successful in its industry.

Management of multinational Pharmaceutical cooporations organizations must endeavour to put in place suitable formulas for hiring and retaining top talent for example offering attractive compensation packages that would allow employee motivation, and revolution of human resource departments through embracing of policies that would enable individual employee’s growth and development as well comprehensive localised training for their staff, suited for their specific and unique environment, would serve to enhance staff competence and in turn enhance their retention in these organizations.

Nyaboke,(2012) in her study that looked at sustainable competitive advantage among MNC's in the pharmaceutical industry, confirms this in her conclusion that possession of superior skills and especially recruiting the best talent in the market and training would propel an organization to achieve competitive advantage. Galbraith (1987) presents keen perspective to explain that an organizational capability is created when people, structure, rewards, and processes are created and combined to support task performance, and that the company must put into place organizational structures, management process, rewards, and incentives, and the human resource practices that support the task performance. The Galbraith (1994) *Star Model* of organizational capability does address essential requirements for defining and creating a supportive system for task performance.

Possession of detailed knowledge on customers' needs, tastes and preferences by employees, Continuous product improvement and innovations and Production of unique products for a specific target market are key strategies for competitive advantage. These factors confirm the dynamics capabilities theory that a firm has ability to renew its internal resources in line with changes in its environment for its own advantage. Turbulent environments may change the significance of resources for organization (Penrose 1959).

Taking environmental factors into consideration e.g. inflation rates that affect consumption of products, Since change has become an enduring feature of organizational life (Rose and Lawtone, 1999), today's managers have to face the challenges posed by the environment hence embrace the ensuing strategic responses.

Strategic alliances with other key stakeholders in the industry as suggested in by the data in this research study, will help these MNPC's to better implement their strategies for greater revenue generation and profit maximization.(Chesbrough,2006) in his study of the pharmaceutical companies concluded that those companies that are unable to sufficiently undertake development within their organizations, align themselves to exploit the knowledge of other firms to get ahead. This is clearly demonstrated in the Kenyan pharmaceutical industry through their strategic alliances, E.g Gsk and Dr Reddy's, Norvatis and Sandoz pharmaceuticals.

5.4 Limitations of the study

This study was not without its limitation, one major limitation of this study was the unavailability of secondary resources for reference. There are very few studies on the pharmaceutical industry and specifically on strategy implementation, presenting a challenge in getting credible references for research purpose.

Secondly the pharmaceutical sector is very guarded in giving information about their companies especially the Multinational Pharmaceutical companies due to the fact that they have to get approval to give information from their Country of origin. This was a great setback especially in addition to the fact that accessing strategic leaders is a challenge on its own with their very busy schedules and business trips in and out of the country increasing the time for data collection.

5.5 Recommendations

It is also very critical for management of pharmaceutical cooporations to allow and put in place measures that allow employees across all levels of the organizations and especially those who are in constant contact with their customers on a day to day basis, in this case the Medical representatives who form the larger part of their work force to identify new and improved ways of operating and serving customers.

This should be allowed without these employees being hampered by the existing framework of doing things, this will help in ownership of the implementation process by the entire organization as the process will cease to be seen as closed process handle by a designated few but as an open process in the hands of a capable entire organization.

Despite management taking necessary steps as mentioned above to ensure successful strategy implementation this process will still encounter challenges from time to time, it is therefore prudent for management to put in place assessment tools that will assist in checking and ensuring that specific time bound tasks within the strategy implementation process are carried out in line with their specified time frame and Feedback relayed in time for the next implementation cycle.

This is especially important for organizations in the knowledge economy that are required to improve their intellectual capital by building structures to create, acquire and transfer knowledge throughout the organization such as the pharmaceutical firms and enable these organizations prosper and increase their market share.

Lastly, it would also be a breath of fresh air to bring in strategic planning, communication and implementation experts into your organization as early as possible in order to develop a strategy for the process that incorporates necessary approaches and changed behaviours to lead to a successful strategic management process. This will be very beneficial to these organizations as it would allow the maximal utilization of a Change Management program throughout strategy implementation.

5.6 Area for further research

The pharmaceutical industry has not been fully explored in terms of research and there are a lot or research gaps that still require to be explored in the future. A study that would look at the Multinational Pharmaceutical companies in Kenya and how they rank in terms of successful strategy implementation of putting into place the critical success factors highlighted in this study would be the next step after this study

A research study on strategy implementation among the rapidly growing generic Drugs manufacturing companies now venturing and setting up in the East African region who make for interesting read. It would also help unearth some important strategic market entry strategies that may have not come to light so far.

5.7 Implications of the study on Policy and Practise

For policy makers the factors highlighted in this study give a rich reservoir of information about strategy implementation in the pharmaceutical industry that will help in creating appropriate policies for regulation of the industry. This study will also help in evaluation of policies currently in place to optimize them for the local environment.

Studies that look at the Pharmaceutical industry are few and far between and more so studies looking at critical success factors for strategy implementation among Multinational cooporations in this industry. This study will therefore bridge this very important research gap and also serve as a secondary resource for scholars and academicians.

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APPENDICES

APPENDIX I: RESPONDENT'S QUESTIONNAIRE

SECTION A: General Background

Name of your company ___________________________________

1. What is your Position in the organization? (Tick where appropriate)

   Chief Executive Officer [ ] General Manager [ ]

   Business Development Manager [ ] Product Manager [ ]

   Sales Manager [ ] others specify ……………

2. How long have you been in your current position?(Tick where appropriate)

   1-5years [ ] 6 -10 years [ ] More than 10 years [ ]

3. What is the ownership structure of your company?

   Parent company [ ]

   Subsidiary [ ]

   Branch [ ]

4. How long has your company been in operations in Kenya?

Less than 20 years [ ]

More than 20 years less than 50 years [ ]

Over 50 years [ ]

5. What was your total number of Staff as at the end of December 2013?

1 – 200 [ ] 201– 400 [ ]

401- 600 [ ] 601 – 800 [ ]

Over 800 [ ]

6. In how many other countries in East Africa does your company operate in? ________

7. What type of products do you deal with? (Tick all that apply)

Original prescription drugs [ ] Consumer products [ ]

Generic drugs [ ] Vaccines [ ]

8. Is competition a significant determinant to your company's successes?

Yes [ ]

No [ ]

SECTION B: Critical Success Factors for Strategy Implementation

To what extend does your organization rate the following factors as critical to strategy implementation. Use a five point scale where **1=Not at all, 2=little extent, 3=Moderate extend, 4= Great extent, 5=Very great extent. Tick below accordingly.**

	1	2	3	4	5
Specified time-frame allocated for strategy implementation					
Obstacles surfaced during implementation that were not envisioned before hand					
Clear and concise communication of the strategy to the staff					
Resources set aside for new strategy					
Planning, co-ordinating, monitoring and delegation of responsibilities for implementation of strategy					
Focus and accountability on new strategy by the entire organization.					

Organisational structure was not supportive					
senior management being in the forefront in providing leadership to enable successful strategy implementation					
Strategy formulators having active roles in strategy implementation					

Others (specify)
....
....
....
....

SECTION C: Localising Global Strategies

Multinational organizations have had to localise their global strategies to take advantage of their geographical opportunities. In your opinion to what extend has your organization had to consider the following strategies to achieve competitive advantage in its locality. Use a five point scale where **1=Not at all, 2=little extent, 3=Moderate extend, 4= Great extent, 5=Very great extent.**

	1	**2**	**3**	**4**	**5**
Modify global strategy to suit local environment					
Harmonize accounting practices to reduce financialrisks					
Merging of East African markets enlarge market					
Proactively seek good relationship with the government					

Develop differentiated distribution channels across East African markets					
Working together with Kenyan government for infrastructure development					
Local training to enhance technological competence					

Others: (Please specify)

....

....

....

....

SECTION D: Response Strategies for Competitive Advantage

Please indicate to what extent are the following statements applicable regarding the sources of competitive advantage in your Organization (Please tick as appropriate).

1= Very effective, 2= Quite effective, 3=QuiteIneffective,4=Very Ineffective

	1	**2**	**3**	**4**
Production of standardized products at very low costs for price sensitive				
Reduction of operating expenses to maximize on revenues				
Strategic alliances with other key stakeholders in the Industry				
Possession of detailed knowledge on customers' needs, tastes and preferences by our employees				

Hiring and retaining top talent				
Partnering with customers to produce highly customized products				
Continuous product improvements and innovations				
Selling of products at lower prices than competitors				
Production of unique products for a specific target market				

Others: (Please specify)

....

....

THANK YOU FOR YOUR COOPERATION

Appendix II: List of Multinational Pharmaceutical Companies in Kenya.

Pharmaceutical company	**Country of Origin**
1. Pfizer Labs Limited	USA
2. Norvatis Pharmaceuticals	Switzerland
3. Roche	Switzerland
4. Merk and company	USA
5. Sanofi Aventis	France
6. Glaxo-Smithkline Pharmaceuticals	UK
7. Johnson and Johnson	USA
8. Astra Zeneca	UK
9. Eli Lilly	USA

10. Boehringer Ingelheim	Germany
11. Novo Nordisk	USA
12. Bayer Pharmaceuticals	Germany

Source: The Pharma exec Report; Top Twelve Multinational companies based on 2013 Global Revenue.