

**STRATEGIC PLANNING PRACTICES AND PERFORMANCE
OF PHARMACEUTICAL FIRMS IN KENYA**

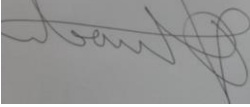
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
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NAIROBI**

DECEMBER, 2022

DECLARATION

This project paper is my novel work and has not been offered for a degree or any other award in any other University

Signature... 

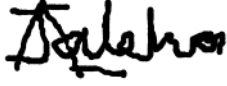
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ABBREVIATIONS AND ACRONYMS

EAC:	East Africa Community
GDP:	Good Distribution Practices
GMP:	Good Manufacturing Practice
KPSDS:	Kenya Pharmaceutical Sector Development Strategy
OP:	Organization Performance
PPB:	Pharmacy and Poisons Board
R&D:	Research and Development
SMEs:	Small and Medium Enterprises
UNIDO:	United Nations Industrial Development Organization

ABSTRACT

Strategic planning practices engross all the processes related to the organization that are aimed at constructing its strategy, that in turn define the direction that the organization should take, including decision-making, allocation of resources and clear communication to the stakeholders on this direction, with the aim of attaining the vision of that organization. This study was anchored on the Open Systems, Contingency and Institutional theories, and sought out to examine the influence of strategic planning practices on pharmaceutical firms in Kenya. The study's specific objective was to assess the influence of strategic planning dimensions (formulation, execution and evaluation and control) on the financial performance of Kenya's pharmaceutical firms. The target population were 88 pharmaceutical firms with operations throughout Kenya. This was a census survey, and had 59 responses, with respondents being Country Directors or their equivalent. Statistics was collected by way of questionnaires and analysis was through Descriptive method as well as by way of inferential statistics, specifically regression analysis. The information got was displayed using charts and tables. The study found out that formulation, implementation and evaluation and control dimensions of strategic planning practice as independent variables established a weak positive influence with financial output of pharmaceutical firms. On the other hand, the results of the study were found to be statistically insignificant to come to a conclusive determination. Overall, the study concluded that strategic planning practices had a weak positive influence on financial performance of Kenya's pharmaceutical firms. This gives the implication that strategic planning practices are vital components in organizational performance of pharmaceutical firms and therefore guiding principles that guarantee appropriate applications of the strategic planning practices should be adopted by the firms. The managers of pharmaceutical firms are required to offer leadership in the entire planning process through strict adherence to strategic planning practices so as to push their firms to enhanced organizational performance. This study is also an invitation to other studies that broaden the understanding of the stimulus that strategic planning practices have on firm performances of Kenya's pharmaceutical firms built on other indicators of financial performance.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Strategic planning practices are part of contemporary managerial activities in application for dealing with the inescapable uncertainties in the external environment and correspondingly for enhancing organizational performance. Scholars have generally argued that there exists a positive relationship between strategic planning practices and performance (Shea-Van Fossen et al., 2006). Armstrong (1982) reasoned that clear planning practice, as opposed to random guesswork, affects the collection and interpretation of information that is critical in aligning an organization to its environment. Likewise, Ansoff (1991) argues that strategic planning practices generally results in better orientation and financial performance than learning by chance. According to Aziz & Rahman (2019), strategic planning practices enable organizations to seek excellence through continuous work to improve long term productivity.

This research was anchored on the Contingency Theory (Lawrence and Lorsch, 1967), Institutional Theory (Scott, 2014) and Open Systems Theory (Bastedo,2004). The Contingency Theory posits that aligning the organization with environmental demands enhances organizational performance (Lawrence & Lorsch (1967). The Institutional theory posits that institutions such as edicts, protocols, customs, social and proficient customs, beliefs, and morals, provide stability and meaning for organizational behavior, a critical component in aligning the organization to the environment ultimately influencing organizational performance (Scott, 2004). The Open System theory posits that an organization has to continuously interact with the environment in order to enhance performance (Luhman, 1995).

Kenya is the most dominant hub of pharmaceutical presence in East Africa, with excess of 60% of manufacturers found in the country. Kenya's pharmaceutical industry is made up of three categories explicitly the manufacturing firms, distributing firms and retail establishments. Each one these players contribute massively in supporting Kenya's health segment, which is projected to have about five thousand health establishments throughout the country (UNIDO, 2012).Pharmaceutical manufacturers are involved in second and third tier production of generic medicines for both human and animal use (KenInvest, 2020). So, why is strategic planning practice important in this industry? All pharmaceutical products are imperiled to pre-marketing assessment and marketing consent by the PPB prior to roll-out of commercial production. The EAC Regional Pharmaceutical Plan of Action backs the growth of the

pharmaceutical segment (2017–2027), acclaims progression of the trade background and the amplification of regulatory capacity and personnel capabilities. The strategy foresees determined answers to the pressing challenges facing pharmaceutical firms in Kenya. Thus, with apt controls on import and export licenses, pharmaceutical firms would largely be free of the widespread problem of substandard medicines as well as the illegal infiltrations which occasionally mar the pharmaceutical market (KenInvest 2020). The firms also face complex requirements of meeting product superiority in conformance to Good Manufacturing Practice (GMP) standards. It is within this context that strategic planning practices must be propped on a robust understanding of the sector environment and how it could influence performance of the pharmaceutical firms.

1.1.1 Conception of Strategic Planning Practice

According to Pearce and Robinson (1994), strategic planning practice can be defined as the course of using methodical gauges and rigorous exploration to formulate, implement and regulate strategy and formally file organizational outlooks. Strategic planning practice is also defined as a process of shaping mission, key objectives, strategies and guidelines that govern the acquirement and provision of resources to achieve organizational goals (Mintzberg and Quinn, 1996). Evered (2000) broadly defines it as a process of setting objectives and goals and purpose or specifically, a means through which the goals are going to be achieved. Bozeman (2003) views it as an activity that is elicited by changes in policies and priorities. Berry (1997) defines it as an instrument for finding the unsurpassed future for an organization and the best route map to attain the organization's future.

Strategic planning practices entail interrogating the internal and external settings of the business entities, defining vision and mission, development of general goals, formulating strategies to be tracked and apportioning resources to achieve the set goals (McIlquham-Schmidt 2010). Pearce et al., (1987) views strategic planning practices as an organizational managerial course of shaping the mission, major aims, strategies, and guiding principles within which the acquisition and allocation of resources to achieve organizational goals are bordered.

Some studies (Arasa and K'Obonyo, 2012; Veskaisri et al., 2007) found a positive relationship between strategic planning practices and organizational performance, while others did not find any ter and Soilen, 2013). Since scholars operationalized how firm output is impacted by practices of strategic

planning diversely, there was no consensus on the outcome of the relationship of the two variables. This study therefore adopted Pearce et al., (1987) framework of strategic planning practices of shaping the mission, chief objectives, strategies, and guidelines that administrate the acquirement and provision of resources so that organizational goals are met. This study fixated on the strategic planning practices under the dimension of formulation, implementation and evaluation and control as the wholesome cycle of strategic planning, thereby determining the strategy's performance or otherwise (Pearce and Robinson, 2000).

1.1.2 Organizational performance

Organization's productivity can be said to be the measure of its organizational ability to secure and utilize its scarce resources as prudently as possible so as to achieve its operational goals (Griffins, 2006). Other scholars have defined it as conventional financial and non - financial pointers that give material about the level of execution of objectives and outcomes (Lebans & Euske 2006; Richard 2009). It can also be demarcated as a measure of how value is conveyed to customers and other stakeholders as a result of how well organizations are managed (Carton, 2004).

Non-financial performance measures are qualitative in nature and therefore cannot be enumerated, and they may include market share, employee satisfaction, quality, turnaround time, subjective measures of performance based on feelings of the stakeholders, among others. Performance of an organization can additionally be analyzed by either its market performance or its shareholder value performance (Jacobs et al., 2010). These performance measures are usually gauged in reference to an objective performance level, and the performance is then evaluated based on its closeness to the objective performance level after a duration of time (Teerantansirikool et al., 2013).

Financial performance denotes the deed of performing financial activity. Largely, financial performance is the point to which pecuniary intentions are, or have been, achieved. It is the course of determining the output of an organization's programmes and operations in fiscal terms such as Returns on Investment, Profits, Return on Sales, and Return on Assets among others, and are quantitative in nature (Jacobs et al., 2010). Financial performance measures organization's general fiscal well-being over a stint of duration, and can also be useful in matching homogeneous organizations through homogeneous industry, or making comparison among heterogeneous industries collectively (Griffins, 2006).

Many studies have exhibited positive relationship between strategic planning practices and organizational performance (Schwenk and Shrader, 1993; French et al., 2004; Kraus et al., 2006; O'Regan, Sims and Galleary, 2008; Aldehayyatand and Twaissi, 2011). On the other hand, some researches have failed to post a positive link between the variables (Dahlgaard and Ciavolino, 2000; Gică and Negrusa, 2011). Although there were copious studies done to probe the strategic planning practices relationship with organizational performance, the outcomes were indecisive. These varied results realized were attributed to an array of reasons. One likely reason was the manner in which strategic planning practice has been distinct in the studies and what perspective had been reflected (Kraus et al., 2006; Greenley, 1994). Another probable reason was that financial indicators have in most cases been misconstrued to reflect the overall performance of the firm (Kraus et al., 2006; Greenley, 1994) thus eliciting mixed results. This study adopted financial performance as a way of measuring firm performance, focusing on Return on Sales, Return on Investment and profits.

1.1.3 Pharmaceutical Industry in Kenya

Kenya's pharmaceutical sector comprises of manufacturers, distributors, wholesalers, retailers and stakeholdersthat include industry supervisory bodies and government agencies. Kenya is the largest core of pharmaceutical amenities in East Africa, having over 60% of manufacturers in the regional expanse (EAC Secretariat Report, 2017). Enabling policies exist, such as the Kenya Health Policy 2014-2030 which is enshrined in the 2010 constitution that envisions the country's attainment of highest possible health services, the right to healthcare and the right to access quality healthcare (Kenya Health Policy, 2010). Other policies are Sessional Paper Number 4 of July 2012, and the Kenya Pharmaceutical Sector Development Strategy of 2012 (KPSDS, 2012). Regulation of the industry is carried out by PPB by regularly inspecting indigenous and foreign pharmaceutical in Kenya to ensure GMP conformity. PPB also safeguards Good Distribution Practices (GDP) conformity and also registers all pharmaceutical products marketed in the country, aside from carrying out after-registration vigilance to ensure that all pharmaceutical products in Kenya adhere to the prescribed quality standards (Kenya Pharmaceutical Review, 2005).

Various issues emerged that have effect in organizational performance of the pharmaceutical firms in Kenya. These issues included insufficient technology assets in progressive formulations, such as

vaccines and multifaceted formulations, deficient innovations of new preparations and advanced products from the R&D, inadequate execution of policies, such as generic prescription, partiality in the distribution chain of products from firms with inferior GMP standard, scanty administration of regulations owing to frail sanctions, poor accessibility to reasonable share capitals, and deprivation of supportive groundwork such as bio-equivalent study centre (UNIDO, 2010). Even with these miriads of issues, Kenya's pharmaceutical industry has continued to be the regional pacesetters in terms of revenues and output volumes (EAC Secretariat report, 2017). This study therefore explored strategic planning practices to establish its influence on the pharmaceutical firms, to establish if they played a role in this dominance.

1.2 Research Problem

Effective strategic planning practice improves organizational performance by establishing guidelines and giving strategic direction in the form of vision and mission statements. Schwenk and Shrader (2003) opine that strategic planning practice improves performance by helping the organization to better fathom the environmental situation they are in, and then take appropriate measures. In agreement, a study by Sigauw et al (1994) recognized a positive association among strategic planning practices and firm performance. However, other studies have concluded a positive relationship between strategic planning practices and organization performance, though not significant (Doran, 1999; French, Kelly and Harisson, 2004; O'Gorman and Saleh et al., 2013). Thus since the findings of prior studies have been equivocal, the issue of measurement errors, managerial perceptions of environmental predictability and multiple performance measures could limit the positive and significant influence of strategic planning practices on organizational performance. There is therefore no consensus on the influence of strategic planning practices on organizational performance, a gap that this study sought to address.

The fierce rivalry by pharmaceutical companies in Kenya is a major factor influencing their performance as it limits a firm's performance. These factors are the most critical in defining the effect of strategic planning practices on OP. It's within this context that pharmaceutical firms' management have immensely invested in strategic planning practices so that they can maximize on their performance under such turbulent business environment (Mokeira, 2019).

Various studies have investigated the connection flanking strategic planning practices and firm performance. There are indications inferring those firms that engage in strategic planning practices have improved performance output (Arabized et al. 2015). A study in Turkey by Efendioglu and Karabulut (2010) got a significant and constructive relationship between strategic planning practices of the existence of mission and participation of the management echelon, and firm performance. Conversely, some studies have found no association between facets of the strategic planning practice and financial performance. A study by French, Kelly and Harrison (2004) in small service firms in Netherlands revealed that there was no relationship between the variables. Similar findings were also observed in studies by various scholars in different contexts (O’Gorman & Doran 1999; Saleh et al. 2013). South African studies by Nkulu (2012) on the influence of strategic planning in SME retailers and another one by Mohutsiwa (2012), also in SMEs established a noteworthy and positive relationship.

Locally, a study by Arasa and K’Obonyo (2012) established a positive association existed between strategic planning practice and organizational output. They correspondingly found out that the good performance relied on effective implementation, control and monitoring of the practices. Studies by Odame (2007) on the strategic planning process and Murimbika (2011) on strategic planning and entrepreneurial orientation in the financial and business segments in Kenya, established a significant and positive influence. Odeny(2018) and Maswali and Kariuki (2019) did studies on the subject matter for manufacturing firms in the country and the latter crystalizing the study to Nairobi County respectively.

The studies cited above have shown a number of conceptual (Maswali and Kariuki, 2019; Odeny, 2018), methodological (odame, 2007; Murumbika, 2011) and contextual gaps Arabized et al., 2015; Nkulu, 2011). The researches cited fixated on the influence of planning either on non-financial or financial performance indicators, and when the financial performance indicators were similar, the methodology and context were dissimilar. Since the studies were led in dissimilar industries, different countries and using different methodologies, their findings could not be construed to be representative of pharmaceutical companies in Kenya. Thus, to superscribe these discrepancies, this study pursued to investigate the following: The impression of strategic planning practices on the financial output of Kenya’s pharmaceutical firms.

1.3 Objective of the study

The aim of this research centered on determining the sway that strategic planning practices has on performance among pharmaceutical entities in Kenya.

1.4 Value of the Study

This study shall be valuable to the pharmaceutical entities' management who desire to stay afloat amid fierce competition in the industry by leveraging on the findings this study has unearthed in expounding empirically the effects of strategic planning practice in enhancing firm performance.

This study shall also facilitate researchers interested in investigating the pharmaceutical industry with identifying knowledge gaps emanating from this study for further research. Additionally, this study will enrich theoretical foundation by empirically evaluating the application of relevant theories focused in the context of the study.

This study will also aid the government through its pharmaceutical regulatory body, Pharmacy and Poisons Board (PPB), to make informed policies that help in better regulating the industry and improving its performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This division reviewed the conjectural foundation and factual literature on strategic planning practices and organizational output with a view of identifying emerging research gaps.

2.2 Conjectural foundation

The association existing in the dynamics of strategic planning practices that is relayed on performance is anchored on the Contingency Theory (Lawrence and Lorsch, 1967), Open Systems Theory (Bastedo, 2004) and Institutional Theory (Scott, 2014). The Contingency Theory as the study's main theory, integrates both Institutional and Open Systems theories respectively in understanding how organizations align themselves to the external environment as a precursor to improving organizational performance.

2.2.1 Contingency Theory

This theory as advanced by Lawrence and Lorsch (1967) postulates that there is no single prescribed method or way of running an organization since the ideal method is provisional and that a managers' action is reliant on internal and external conditions. The theory further posits that the surrounding environments create needs for organizations and therefore strategies suitable for addressing such needs should be formulated and implemented. Thus when managers are confronted with structures that do not match with organizations' contingencies, performance is affected. The managers therefore strive to alter its structure so that it offers a better fit so that performance is improved (Donaldson, 2001). The core of contingency theory model is that organizational performance effects from fitting features of the organization, such as its structure to contingencies that mirror the state of affairs of the organization (Burn and Stalker, 1961; Lawrence and Lorsch, 1967). These contingencies comprise the organization's environment (Burn and Stalker, 1961), organization's size (Child, 1975) and the organization's strategic planning practices (Chandler, 1962). Since the fit of organization's characteristics to contingencies direct to improved organizational performance, organizations pursue to achieve this fit.

Organizations are inspired to evade misfit that manifest when contingencies change, and do so by employing strategic planning practices to help them adopt the new organizations' characteristics that fit this new tier of contingencies. Hence the organizations are molded by the contingencies since they must fit so as to avoid performance dip (Woodward, 1965). So contingency theory encloses the perception of a fit that touches on performance, which sequentially induces adaptive strategic planning practice (Van de Ven and Drazin, 1985). Today's organizations operate as open systems that constantly need to explore strategic planning practices in order to adapt well to environments they exist in. There is no laid down formula for strategic planning practices. A suitable strategy is drawn from assessing the circumstances or environment that is being addressed.

2.2.2 Open Systems Theory

This is a theory articulated by Bastedo (2004), which postulates that organizations are powerfully swayed by their environment, which consist of additional organizations that apply economic, political or social forces. Organizations and their surroundings are considered two separate modules of the systems that are detached by distinct confines. However, these confines become less evident owing to the lens with which organizations are viewed as being an open system that concentrates on the interdependence between organizations and their environments (Baum and Rowley, 2005). Open systems repeatedly exchange feedback with the organizations' external environment. The feedback is then evaluated and then realigned accordingly for conformity to the internal structures so as the systems' objectives are realized, before transferring appropriate information back into the environment (Scott and Gerald, 2015). Open systems models regard entities as a hybrid of both systems of in-house associations and natives of a larger system incorporating the environments in which they function and upon which their availability of resources is dependent. Organizations are imagined of as a throughput classical earning resources out of the environment, handling the resources and sending the output again to environment (Baum and Rowley, 2005). With sustained polishing of input into outputs, and proper strategic planning practices application, firms are able to realize superior performance and efficiency in resource utilization.

2.2.3 Institutional Theory

Institutional theory asserts that an organization's acceptability explains its survival. This legitimacy is fostered by organizations' natural tendency to conform to easily recognizable and acceptable standards within their field (North, 1991). Consequently, organizations that attain these prerequisites for legitimacy demonstrate their worth to resources by the environment (Toma, Dubrow and Hartley, 2005). Institutional theory is pegged on the lucid progressions that form the taken-for-granted configurations that institute legitimacy around certain concepts. DiMaggio and Powell (1991) assert that institutional theory has advanced considerably, building associations with other facets of management studies such as strategy and planning.

Institutional theory postulates that activities of an organization should be desirable, right, or apt within some socially established scheme of standards, ideals, philosophies, and classifications (Suchman 1995). Therefore, an organization's strategic planning practices are a response to the institutional burden to conform in pursuit of legitimacy which is pivotal for improved standards of performance and ultimately survival. North (1991) sums up institutional theory that institutions are the rules of the game and organizations are the players of the game. As the organization moves past these standards, the environment views the prerequisites as less deserving of resources. The environment within the institutional structure limits the choice of the organization to engross in certain strategic activities and forces organizations towards conformity. Over time, repeated conformity gives rise to enhanced the performance of the organization.

2.3 Strategic Planning Practices and Organizational Performance

Various studies conducted have established unequivocal link of organizational performance and how practices of strategic planning affect them. It is admissible through empirical study that financial performance is in many instances superior in organizations that show minimal difference in the expanses of efforts and prominence that management put on the strategic planning practices (Hopkins and Hopkins, 1997) . They went further to test this affiliation in banks and concluded that banks which applied strategic planning practices vigorously, outdid those that did so with little vigor, thus providing this study with both contextual and methodological gap. Aragon-Correa et al. (2008) observed that there

was a significant improvement financial performances in micro and medium sized businesses (SMEs) that applied environmental strategy in Southern Spain, thus presenting this study with contextual gap.

Herold (1972) study on the influence of formal planning on the performance of research and development (R&D) in a sample of pharmaceutical companies in the US, concluded that the performance of formal planners was superior to those of informal planners. The study brought to fore both contextual and conceptual gaps for this study to explore. Robinson and Pearce (1983) studied the impact of strategic planning practices on small banks in the United States. The study revealed that small banks that did not practice strategic planning performed just as much as those small banks that practiced strategic planning, with the study providing contextual and methodological gaps to explore. Afonina (2015) investigated a similar subject matter on assorted organizations in the Czech Republic with the conclusion that strategic planning practices impacted positively and significantly on firm performance, highlighting both methodological and contextual gaps that this study sought to bridge.

A study by French, Kelly and Harrison (2004) on the influence of strategic planning practices on financial performance in small service firms in Netherlands revealed that there was no relationship between the mixed variables used, providing methodological gap for this study to explore. Hill and Jones (2009) disapprove of strategic planning practice as inept at dealing with the “dynamism, complexity, uncertainty and ambiguity” which illustrate the environment in which firms operate. The strategic planning practice is ruined by unpredicted peripheral changes which are not accounted for in during the strategy planning process. This claim leans towards supporting the necessity for enhanced interaction between strategic planning players and key variables to tap the benefits from timely response to changes in the environment.

Nzewi and Ojiagu’s (2015) study which explored the association between strategic planning and performance of banks in Nigeria revealed a weak positive association between total assets and net profits and comprehensive practice of strategic planning. Chavunduka et al. (2015) study on the impact of strategic planning on performance of Mining Development Corporation in Zimbabwe established that it positively impacted on the corporation’s performance, providing both methodological and contextual gaps. Studies by Nkulu (2012) and Mohutsiwa (2012) studied the influence of strategic planning

entrepreneurship on performance in Small and Medium sized enterprises in South Africa established a positive association between the variables.

Murimbika (2011) studied the association between strategic planning and entrepreneurial orientation in the financial and business sectors in Kenya. Ostensibly, these studies showed that strategic planning positively influenced performance. Abdi (2014) studied on strategic planning's effect on performances of banks in Kenya, with his case study focusing on National Bank of Kenya. The study established that strategic planning practices impacted positively on the output of National Bank of Kenya. Gathenya (2015) evaluated strategic planning practices in entrepreneurial field and firm performance among women-led SMEs in Kenya, and conclusion arrived a positive liaison between strategic planning practices and growth of sales. In the pharmaceutical industry in Kenya, Odeny (2018) did studies on Strategic Planning and output of Pharmaceutical Manufacturing entities in the country while Maswili and Kariuki (2019) focused on the same study topic, but in Nairobi County. Both studies registering positive relationships with respect to strategic planning practices and firm performance.

2.4 Literature summary and knowledge gaps

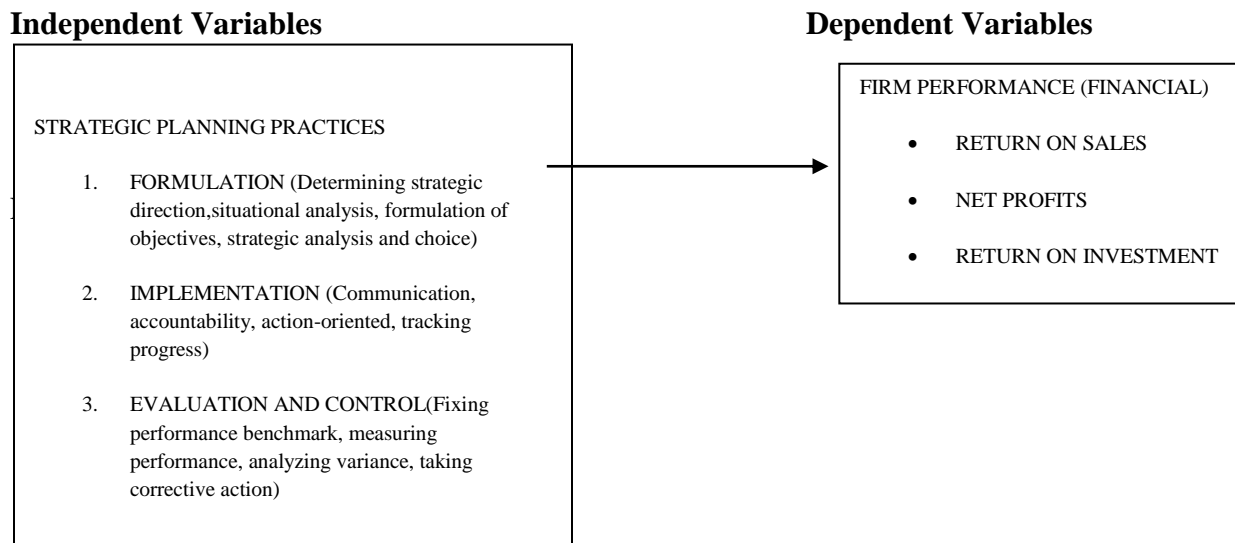
This chapter revised empirical studies on strategic planning practices effects on performance, which exposed a number of knowledge gaps that this study sought to fill. Contradictory conclusions to the bearing of strategic planning practices on the output of the organizations were also registered, with some studies (Aragon- Correa et al., 2008; Herold, 1972; Chavunduka et al., 2015) recording positive relationships while others (Robinson and Pearce, 1983; French, Kelly and Harrison, 2004) posted no influence detected which strategic planning practices had on firm performance. The contextual background of these studies reviewed were also different as the organizations reviewed in the literature did not originate from the pharmaceutical industry. The performance measurement indicators focused in some of the studies were varied, with Abdi (2014) using market share and profits as performance measurement indicators and Chavunduka (2015) using market growth performance measurement indicator. Shea-Van Fossen et al. (2006) in their study dispute prior conclusions by showing a positive affiliation between strategic planning practice and the magnanimity of the firm. This threw this meadow into contention largely because of the contrast in firm scale coding and variances within sample extents. These inconsistencies in results realized formed the research gap on which this study sought to address.

Odeny (2018) limited his scope of study to only encompass pharmaceutical manufacturing firms and his organizational performance focusing on a mix of non-financial and financial performance indicators, thus posing contextual and methodological gap that this study seeks to explore. Similarly, Maswili and Kariuki (2019) dwelt their study on wholesome performance indicators, but with the scope of their study limited only to Pharmaceutical Manufacturing Firms in Nairobi County, thereby exposing contextual and methodological gaps that this study will address.

2.5 Conceptual Framework

In investigating the influence that strategic planning practices has on firm performance, a conceptual framework was advanced in illustration Figure 2.1.

Fig 2.1: Conceptual Model



Source: Adapted from Obaji and Saganuwan (2018): Effective Communication and Planning as Management tools for Firm Performance

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The section elucidated the design that is apposite for this research, population in focus, data gathering method as well as data analysis, giving reasons for their choice of suitability for this study.

3.2 Research Design

This research exploited descriptive cross-sectional survey design because it guaranteed wholesome depiction of the circumstances thus ensuring minimal bias in data collection (Kothari, 2010). This gave the researcher a basis for decision making with the collected data, hence saving time and resources.

Descriptive research design is recommended for situations where the problem is well defined and the researcher needs to inaugurate certain details about the problem. It is effective in analyzing non-quantified matters and areas. Descriptive research design also offers the chance of observing the phenomenon in a completely natural and unaltered environment. Additionally, it also gives the opportunity to augment the qualitative and quantitative methods of data collection (Mugenda and Mugenda, 2012). For these reasons, descriptive research design was adequate.

3.3 Study Population

This study's population was 88 pharmaceutical companies (Pharmacy and Poisons Board, 2017) with operations throughout the republic of Kenya. Most of the companies were located in Nairobi, Coast, Mount Kenya region, Western Kenya region, Rift region and North Eastern region. Since the study targeted all the pharmaceutical companies, it adopted a census survey.

This population was arrived at by checking the Pharmacy and Poisons Board's list of pharmaceutical companies that have registered pharmaceutical sales representatives in all of these regions.

3.4 Data collection

Both primary and secondary data were collected, with primary data being collected by way of structured questionnaire while the secondary data was collected as provided by the respondents through their archived records of yearly financial statements of the firms. Questionnaires are regularly used to mine

important data and they are very crucial when the researcher wants to reach a large sample within a short time (Mugenda and Mugenda, 2012). The questionnaire was partitioned into two parts. Part one gathered general and demographic data of respondents while the second part solicited financial statement data as at 31st December 2020 focusing on revenue, net profit and return on investment. The respondents were either one of the Country Directors, Managing Directors, Chief Finance Officers, Operations Managers and General Managers of the pharmaceutical firms because often, strategic planning practices are initiated and carried out from top management downwards, and that they were the likely custodians of the secondary that this study sought.

3.6 Data analysis

The data was analyzed using descriptive analysis involving mean, standard deviation and percentages, and presented through frequency distribution diagrams and pie charts to describe the primary features of the study data, and provide simple briefs about the population and the measures, as well as inferential statistics using regression technique to identify which variables have impact on the topic of interest. The analytical model used was:

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

Whereby:

Y is the value of the dependent variables,

X₁ is the composite of strategy formulation, (aggregate of planning practices under formulation)

X₂ is the composite of implementation, (aggregate of planning practices under implementation)

X₃ is the composite of evaluation and control, (aggregate of planning practices under evaluation and control)

β_1 , β_2 and β_3 regression coefficients for X₁, X₂ and X₃ respectively

β_0 is the constant value of Y.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS, AND DISCUSSION

4.1 Introduction

This chapter revealed the analysis, results, and their understanding by way of discussion, how the variables in this research interact with in order to answer the research question. It consists of the general information of the firms, strategic planning practices, descriptive statistics, and inferential statistics. All findings are displayed in tables and charts.

4.2 Response Rate

Table 4.1: Response rate

Response rate	Frequency	Percent
Response	59	67
No response	29	37
Total	88	100

Questionnaires were issued to the appropriate respondents, and out of the 88 pharmaceuticals where questionnaires were issued, 59 respondents cooperated. This response rate was observed to be 67% and therefore ample (Babbie, 1995).

4.3 General information

Table 4.2: General information of the firms

Variables	Frequency	Percent
Period of operation		
3 to 10	9	15.3
11 to 20	21	35.6

21 to 30	25	42.4
31 and above	4	6.8
Firm category		
Importer/ Distributor	40	67.8
Local manufacturer	5	8.5
Multinational franchise	14	23.7
Number of employees (Mean=48.4)		
5 to 54	49	83.1
55 to 109	5	8.5
110 to 200	1	1.7
Above 200	4	6.8
Total	59	100

It was established that majority 25 (42.4) of the firms had operated for 21 to 30 years. It was also noted that those that had been operational for 11 to 20 years were 21 (35.6). Those that had operated for 3 to 10 years were 9 (15.3) while the minority 4 (6.8) had been in existence for 31 years and above. The period of operation was an area of interest as there is need to understand diverse traits of strategic planning practices that infer importance to the firms in their varied stages of maturity. The results in table 4.2 indicated that bulk, 40 (67.8) of the pharmaceutical firms were either importers or distributors, 14 (23.7) were Multinational franchise firms while the minority 5 (8.5) were manufacturing firms. This data was critical in identifying how different categories of pharmaceutical firms carry out their strategic planning practices, and to establish the level of inclusivity of different categories of the firms in the study. More than three quarters 49 (83.1) of the respondents stated that their firms currently had between 5 to 54 employees, with the mean number of employees being 48.4. Since strategic planning practices are driven by firm employees, this information was important in establishing how density of staff involvement impacts on application of strategic planning practices.

4.4 Strategic planning practices

Table 4.3 Strategic planning practices

Variable	Frequency	Percent	Mean	SD
Active involvement in strategic planning			1.02	0.13
Yes	58	98.3		
No	1	1.7		
Often review of strategic plans			2.76	0.47
After 1- 3 years	15	25.4		
After one year or less	43	72.9		
I don't know	1	1.7		
Time horizon of strategic plans			1.95	1.14
< Five years	29	49.2		
Three-Five years	14	23.7		
>Five years	6	10.2		
I don't know	10	16.9		
Total	59	100		

The findings show that pharmaceutical firms were actively involved in strategic planning as agreed by 58 (98.3)(Mean=1.02, SD=0.13). On the frequency of reviewing strategic plans, the large number 43 (72.9) revealed that they reviewed their strategic plans after one year or less while 15 (25.4) reviewed their strategic plans after 1 to 3 years. The research also sought to irradiate on the time purview of the strategic plans. The results in table 1 revealed that the larger number 29 (49.2) of pharmaceutical firms had less than 3 years as their time horizon for their strategic plans, 14 (23.7) had 4 to 5 years, 6 (10.2) had over10 years, while 10 (16.9) were uncertain about their firms' time horizon for their strategic plans. Overall, the pharmaceuticals' time horizon for strategic plans were less than 3 years (Mean= 1.95, SD=1.14) as that segment formed the majority of the percentage. The manifestation of this findings served to show how different pharmaceutical firms carried out strategic planning practices with varied time horizons.

4.5 Descriptive statistics: Strategic planning practices

Table 4.4: Statistics of practices

Strategic planning practices	Minimum	Maximum	Mean	SD
Formulation	1	5	3.88	1.019
Implementation	1	5	3.88	0.948
Evaluation and Control	3	5	4.19	0.754
N=59				

Table 4.4 presents the degree to which the firms engrossed in the steps of strategic planning practices. The result showed that Formulation (determination of strategic direction, situational analysis, formulation of time-bound and realistic objectives, strategic analysis, and choice) was being carried out to a great extent (Mean= 3.88, SD= 1.019). The firms were also found to be involved in Implementation (communication of strategic plans to stakeholders, accountability by the management of the strategic plan, action-oriented strategy, tracking of progress of strategic plan) to a great extent (Mean=3.88, SD=0.948). The study findings further showed that Evaluation and control (fixing performance benchmark, performance measurement, variance analysis, taking corrective actions) was being done to a great magnitude (Mean=4.19, SD=0.754), because the firms were trying to rectify the negative impact associated with implementation.

Table 4.5: Descriptive Statistics of the Financial Performance variables

	N	Minimum	Maximum	Mean	Std. Deviation
Firm's revenue	59	58080000	3854800000	620996271	718262956.3
Firm's targeted revenue	59	36000000	5000000000	736810000	910970458.8
Revenue achievement	59	42	114	83.07	17.391
Firm's net profit	59	5850000	600000000	95381528.8	121463517.4
Firm's targeted profit	59	12000000	2000000000	144390345	282987182.5
Profit achievement	59	29	143	79.6	20.398
Firm's return on investment	59	5	63	13.68	8.87
Firm's targeted return on investment	59	2	100	18.84	12.323
Return on investment achievement	59	39	126	72.28	15.363
Valid N (listwise)	59				

Table 4.5 presents the descriptive data on the financials of the firms with the means revenue, net profit and return on investment being 0.62B, 0.095B and 13.68% respectively.

Table 4.6: Ratings of Financial performance Measures

Measure	Minimum	Maximum	Mean	Std. Deviation
Firm's revenue	2	5	3.97	0.964
Firm's net profit	2	5	3.80	0.943
Return on Investment	1	5	3.53	0.971
N=59				

The results in table 4.6 presented that the firm's revenue performance rating was satisfactory (Mean=3.97, SD= 0.964). It was also yielded that the firms' net profit performance rating was satisfactory (Mean=3.80, SD= 0.943). The results further indicated that the return on investment rating was satisfactory (Mean=3.53, SD=0.971). On average, organization performance rating was found to be satisfactory since all the measures had a relatively high mean (above 3.5), with firm's revenue being the

most significant as it dictates the composition of the other two. Firm's revenue was seen as the most important, while Return on Investment was seen as the least important since the Mean figures were highest at firm's revenue and lowest at Return on Investment.

4.6 Inferential statistics of strategic planning practices

4.6.1 Regression analysis

4.6.1.1 Firms revenue

Table 4.7: Revenue model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.287 ^a	.082	.032	706643396.532

a. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.082$, signifying that 8.2% of the variation in organization performance of the pharmaceutical firms had been explained by the independent variables.

Table 4.8:Revenue ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2458328175565299700.000	3	819442725188433150.000	1.641	.190 ^b
1 Residual	27463968942414373000.000	55	499344889862079490.000		
Total	29922297117979673000.000	58			

a. Dependent Variable: Firm's revenue

b. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.8 depicts the ANOVA of the projected archetypal, and the outcomes visualized $F(3, 55) = 1.641$

and p-value= 0.190, portraying that the aggregated predictor variables (Formulation, Implementation, Evaluation and control) did not explain the effect the dependent variable (Revenue achievement) in this study. There was no relationship recorded between strategic planning practices and revenue achievement.

Table 4.9: Revenue Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-193053483.707	528793534.120		-.365	.716
1 Formulation	55854510.802	114943134.328	.079	.486	.629
1 Implementation	207451367.049	132353445.693	.274	1.567	.123
1 Evaluation and Control	-49668463.518	178426907.511	-.052	-.278	.782

a. Dependent Variable: Firm's revenue

The model noted no statistically significant results as p values were above 0.05.

4.6.1.1.1 Firm Revenue achievement

Table 4.10: Revenue achievement Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569a	0.324	0.287	14.68

a Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.324$, which is 32.4%, meaning dynamics external to this study had explained the residual 67.6% of the dissimilarity in organization output of pharmaceutical firms. A strong positive correlation between organization performance and strategic planning practices (56.9%) was observed.

These findings determined that strategic planning positively correlated with organization performance and moderately influenced their performance.

Table 4.11: Revenue Achievement ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5688.991	3	1896.33	8.799	.000b
	Residual	11853.225	55	215.513		
	Total	17542.216	58			

a Dependent Variable: Revenue achievement

b Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.11 depicts the ANOVA of the probable archetypal. The outcomes bared that $F(3, 55) = 8.799$ and $p < 0.000$, signifying statistically significant data the independent variables (Formulation, Implementation, Evaluation and control) influencing the dependent variable (Revenue achievement).

Table 4.12: Revenue Achievement Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	36.21	10.986		3.296	0.002
	Formulation	7.541	2.388	0.442	3.158	0.003
	Implementation	0.43	2.75	0.023	0.156	0.876
	Evaluation and Control	3.803	3.707	0.165	1.026	0.309

a Dependent Variable: Revenue achievement

The model presented a significant influence of strategic formulation on revenue achievement ($\beta = 0.442$, $t = 3.158$, $p\text{-value} = 0.003$).

The regression equation $OP = 36.21 + 7.541F + 0.43I + 3.803EC + \epsilon$

According to the spawned regression equation, if all the predictor variables (Formulation, Implementation, Evaluation and control) were taken as zero, revenue achievement of the pharmaceutical firms would be 37.21. The regression outcomes also pointed out that any singular increase formulation practices led to a rise in revenue achievement of the pharmaceutical firms by 7.541, a singular increase in implementation contributed to a rise of revenue achievement of the pharmaceutical firms by 0.43, a singular increase in Evaluation and control contributed to a rise of revenue achievement of the pharmaceutical firms by 3.803. It was established that Formulation practices significantly influenced revenue achievement of pharmaceutical firms in Kenya.

4.6.1.2 Net Profits

Table 4.13: Net Profits Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374 ^a	.140	.093	115683141.600

a. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.14$. This implied that 14% of the profit of the pharmaceutical firms had been explained by strategic planning practices. There is a moderate positive correlation between profit achievement and strategic planning practices (37.4%). Other dynamics external to this study had explained the residual 86% of the profits of pharmaceutical firms in Kenya.

Table 4.14: Net Profits ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	119653982539020800.000	3	39884660846340256.000	2.980	.039 ^b
1 Residual	736042408771120260.000	55	13382589250384000.000		
Total	855696391310140930.000	58			

a. Dependent Variable: Firm's net profit

b. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.14 depicts the ANOVA of the probable archetypal, bearing outcomes of $F(3, 54) = 2.98$ and $p = 0.039$, signifying that the data of the aggregated predictor variables (Formulation, Implementation, Evaluation and control) were statistically noteworthy in explaining net profit.

Table 4.15 Net Profits Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-78559892.864	86567705.274		-.907	.368
1 Formulation	32852330.236	18817104.850	.275	1.746	.086
Implementation	29654130.888	21667311.227	.232	1.369	.177
Evaluation and Control	-16402573.758	29209903.196	-.102	-.562	.577

a. Dependent Variable: Firm's net profit

The model presented no significant influence of any of the independent variables on profit achievement.

The regression equation: $OP = -78559892.864 + 32852330.236F + 29654130.888I - 16402573.758EC + \epsilon$

In light of this, the data collected on independent variables proved to be statistically insignificant for this study. However, synergistically, the three independent variables were documented to be statistically significant and having a positive relationship on profit.

4.6.1.2.1 Profit achievement

Table 4.16: Net Profits achievement Archetypal Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.405a	0.164	0.118	19.16

a Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.164$, inferring that 16.4% of the profit achievement was explained by the predictor variables. There was a moderate positive correlation between strategic planning practices and profit achievement (40.5%). Other dynamics external to this study had explained the residual 83.6% of profit achievement. These findings established that strategic planning practices positively correlated with profit achievement and moderately influenced their performance.

Table 4.17: Net Profits achievement ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3891.51	3	1297.17	3.533	.021b
	Residual	19824.4	54	367.118		
	Total	23715.9	57			

a Dependent Variable: Profit achievement

b Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.17 depicts the ANOVA of the probable archetypal, bearing the outcomes of $F(3, 54) = 3.533$ and $p\text{-value} = 0.021$, signifying that predictor variables explained Profit achievement. A statistical positive relationship was observed between revenue achievement and strategic planning practices.

Table 4.18: Net Profit Achievement Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	41.398	15.081		2.745	0.008
Formulation	6.852	3.241	0.32	2.114	0.039
Implementation	-3.009	3.792	-0.129	0.794	0.431
Evaluation and Control	5.49	4.927	0.2	1.114	0.270

a Dependent Variable: Profit achievement

The model presented a positive significant influence of strategic formulation on profit achievement ($\beta=0.32$, $t=2.114$, $\rho\text{-value}=0.039$).

The regression equation **OP= 41.398 + 6.852F-3.009I + 5.49EC+ ϵ**

According to the yielded regression equation, if all the independent variables (Formulation, Implementation, Evaluation and control) were put as zero, profit achievement of the pharmaceutical firms would be 41.398. The regression outcomes also yielded that a singular increase in Formulation as a practice led to an increase in profit achievement of the pharmaceutical firms in Kenya by 6.852, a singular increase in Implementation caused a decrease of profit achievement of the pharmaceutical firms by 3.009, and a singular increase in Evaluation and control caused an increase of profit achievement of the pharmaceutical firms by 5.49. It was established that Formulation practices significantly influenced profit achievement of pharmaceutical firms in Kenya.

4.6.1.3 Firms Return on Investment

Table 4.19: ROI Model Precipitate

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.350 ^a	.123	.075	8.532

a. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.123$, implying that 12.3% of the return on investment of the pharmaceutical firms had been explained by the variation of outcomes of strategic management practices. A weak positive correlation was established between ROI achievement and strategic planning practices (35%). These findings established that strategic planning practices positively correlated with return on investment achievement and weakly influenced their performance

Table 4.20: ROI ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	559.646	3	186.549	2.563	.064 ^b
	Residual	4003.834	55	72.797		
	Total	4563.480	58			

a. Dependent Variable: Firm's return on investment

b. Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.20 depicts the ANOVA of the probable archetypal, bearing the outcomes $F(3, 55) = 2.563$ and $p = 0.064$, indicating that the data collected aggregated predictor variables was not statistically significant hence could not inform the outcome of this study.

Table 4.21: ROI Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	10.503	6.385		1.645	.106
1 Formulation	3.116	1.388	.358	2.245	.029
Implementation	1.875	1.598	.200	1.173	.246
Evaluation and Control	-3.868	2.154	-.329	-1.796	.078

a. Dependent Variable: Firm's return on investment

The model had an insignificant influence of all the independent variables on return on investment except Formulation (p=0.029).

4.6.1.3.1 Return on Investment achievement

Table 4.22: ROI Achievement Model Summary

Model	R	R Square	Adjusted R Square
1	.309a	0.096	0.045

a Predictors: (Constant), Evaluation and Control, Formulation, Implementation

This study achieved $R^2=0.096$. This implied that 9.6% of the variation in return on investment achievement of the pharmaceutical firms had been described by the independent variables. There is a weak positive correlation between return on investment achievement and strategic planning practices (30.9%). These findings established that strategic planning practices had a weak positive correlation with return on investment achievement and weakly influenced their performance.

Table 4.23: ROI Achievement ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1287.75	3	429.249	1.905	.140b
	Residual	12164.8	54	225.274		
	Total	13452.6	57			

a Dependent Variable: Return on investment achievement

b Predictors: (Constant), Evaluation and Control, Formulation, Implementation

Table 4.23 depicts the ANOVA of the probable archetypal, bearing the outcomes of $F(3, 54) = 1.905$ and $p = 0.140$, pointing out that the data on the aggregated predictor variables was statistically insignificant in informing the determination of this study.

Table 4.24: ROI Achievement Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	49.534	11.814		4.193	0
	Formulation	4.279	2.539	0.265	1.685	0.098
	Implementation	-0.086	2.97	-0.005	0.029	0.977
	Evaluation and Control	1.49	3.859	0.072	0.386	0.701

a Dependent Variable: Return on investment achievement

The model had statistically insignificant values of all the independent variables on return on investment achievement ($p\text{-value} > 0.05$).

4.7 Discussion

One key goal of this research was to probe impact of strategic planning practices on Kenya's pharmaceutical firms. Pharmaceutical firms have massively invested in strategic planning practices to maximize their output owing to the taxonomy of the turbulent business environment that they maneuver in (Mokeira, 2019). This is evidenced by majority of the respondents admitting to applying strategic planning practices in their firms. The general observation is that overallly organizational performance is positively influenced by strategic planning practices, with Formulation and Evaluation and control registering positive influence, while Implementation registered a weak negative influence on organizational performance.

This study observed that pharmaceutical firms in Kenya were involved in strategic planning practices with the degrees of large extent for formulation and implementation, to very large extent for evaluation and control.

In the regression analysis interrogation, the research could not document statistically significant data of the strategic planning practices on revenue, although a weak positive correlation was recorded. However, on revenue achievement, the combined effect of the independent variables registered statistically significant data on revenue achievement with a strong positive correlation logged, even though individually only Formulation as an independent variable had statistical significance influence on revenue achievement. The study also registered a weak positive correlation between the predictor variables and profit, with the predictor variables significantly influencing the profit, while on individual independent variables only Formulation was found to be of significant influence on profit. The study similarly posted a moderately weak positive correlation between the independent variables and profit achievement, only Formulation as an individual independent variable registered significant influence on

the profit through its subset, profit achievement, even though cumulative effect of strategic planning practices were found to significantly influence the profit achievement. Correspondingly, there was a weak positive correlation registered between strategic planning practices and Return in Investment, even though the cumulative effect of the predictor variables on Return on Investment was documented as insignificant. However, on individual strategic planning practices, only Formulation was found to be of significance to the relationship with Return in Investment. On Return on Investment achievement, the research recorded a weak positive correlation that the strategic planning practices had on Return on Investment achievement, although both cumulative and individual effects of strategic planning practices on Return on Investment achievement was logged as insignificant in this study. The correlation between the three dimensions of strategic planning practices in this study and the dependent variables together with their derivatives have been documented to be positive, though with varied degrees of strength. This infers that if pharmaceutical firms develop their strategic planning practices effectively, then superior performance in terms of revenue, profits and return on investment will be accomplished. The highest correlation coefficient (0.569) was noted on the revenue achievement and was statistically significant. This means that pharmaceutical firms can achieve greater and faster financial performance if they focus on strategies that improve revenue generation. The other statistically significant correlation coefficients were on profit (0.374) and profit achievement (0.405).

Formulation as a dimension of strategic planning process was established to have had significant influence on profits through profit achievement, revenue through revenue achievement and return on investment, thus reaffirming the findings of Efiوندoglu and Karabulut (2010) that senior managers' input in formulation phase of strategic planning process favourably influenced firm performance. In most instances, the influence of Implementation and Evaluation and Control were discovered not to be

statistically significant in this study hence relationships between them and pharmaceutical firms' performance could not be established. Falshaw et al.,(2006) established no liaison involving strategic planning practices and performance among United Kingdom companies he studied. Gibson and Cassar, (2005) similarly concluded that no link between strategic planning practices and firm performance, while Shrader et al., (1989) resolved that the trajectory of liaison involving such variables was hinged on the industry.

This study concurs with the Contingency theory that in pursuit of performance excellence firms will employ different approaches to realize this objective, as evidenced by varied degrees of strategic planning practices that firms exhibited to achieve financial performance. Open Systems theory that depicts organizations as systems that interact with other systems to realize performance superiority manifested itself as the strategic planning practices explained varied extents of financial outputs of pharmaceutical establishments in Kenya. The Institutional Theory was also relevant in this research as the institutionalism of strategic planning practices as an identity of defining organizational performance came to fore with majority of the firms professing to apply strategic planning practices.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter illuminated on the synopsis of the study's discoveries, conclusion of the study, recommendations to further enhance the study, shortfalls of this study and expanses recommended for auxiliary interrogations.

5.2 Summary of key findings from descriptive and regression analysis

The study established that most pharmaceuticals in Kenya are engrossed in strategic planning practices, with the mean period of reviewing being 2.76 years and time horizon of less than two years. This study also instituted a weak positive correlation between strategic planning practices and pharmaceutical firms' financial performance. This means that determination of strategic direction, situational analysis, formulation of objectives, strategic analysis and choice positively impact on the financial security of pharmaceutical establishments in Kenya. Formulation as an independent variable was found to have a weak positive influence on profit achievement, return on investment and revenue achievement while on the rest of occasions and from the other independent variables, the results were found to be statistically insignificant. The respondents of this study documented enhanced ratings of their firms' financial performance averaging satisfactory rating.

5.3 Conclusion

This study, as its objective, pursued the stimulus that the practices under strategic planning dimensions have on performance among Kenya's pharmaceutical firms. Thi research showed that pharmaceutical

firms in Kenya actively involve strategic planning practices in their operations. From the foregoing, Formulation and Evaluation and Control had shown a positive influence towards the organizational performance in focus. However, individual dimension posted a posted results that were statistically insignificant, even though overall, the aggregated independent variables established a positive influence on revenue achievement, profit, profit achievement and return on investment. Therefore, evidence from this study shows that strategic planning practices show a positive influence with performances among pharmaceutical firms, with the influence being strongest in formulation dimension of the strategic planning. Administrators of pharmaceutical firms that actively involve strategic planning practices in their operations also seemed to exude confidence by having a positive outlook of the financial performances of their respective firms.

5.4 Recommendations

The study showed a weak positive association between the independent variables in focus and the Financial Performance. However, the results posted were largely statistically insignificant hence rendering the research as inexhaustive. More research needs to be carried out on this topic, using other models, techniques and indicators of financial performance so that a more inclusive outcome is arrived at.

The management of the pharmaceutical companies in Kenya should strive to include the participation of everyone, including low cadre workers in the firms, in the full cycle of the strategic planning practices they enact so that everyone in the organization can have a feeling of ownership of the process. This is in turn expected to improve compliance of adherence to the practices leading to even superior performance.

Pharmaceutical industry, through their association bodies, should lobby the government and the industry's regulatory bodies to legislate on the frameworks of the strategic planning practices that ensure

a win-win environment whereby even amid stiff competition, ethics that oversight the industry are not compromised and the performance of the pharmaceutical firms is emphasized.

5.4 Limitations of the Study

This study limited its scope on financial performance, and more specifically on revenue, net profit and return on investments. This way, other indicators of organizational performance were not considered.

Also, this study did not separate the different categories of pharmaceutical firms (local manufacturers, distributors and multinational franchises), thus treated them as equal players in the industry.

Additionally, this study sourced its secondary data on financial figures by trusting the respondents with the honesty to truthfully reveal the same. This study recognizes that this gesture could have been a window to give perceptive or biased information.

5.6 Suggestion for further studies

Studies of such nature should be carried out in a manner that manifests the wholesomeness of organizational performance of pharmaceutical firms, by incorporating non-financial performance indicators as well as other financial performance indicators that were not considered in this study

Future studies of similar objectives need to have the different categories of pharmaceutical firms clustered and the study carried out within their niches so as to give a clear indication how the applicable variables fare in a homogenous category.

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APPENDIX I: LIST OF PHARMACEUTICAL FIRMS

1. Accord Healthcare (k) Ltd
2. Ace Pharmaceuticals
3. Adcock Ingram E.A. Ltd
4. Alkem Pharmaceuticals
5. Astrazeneca Pharmaceuticals Limited
6. Aurobindo PHARMA
7. Avacare Ltd
8. Bayer East Africa Ltd
9. Bimeda Ltd
10. Biodeal Laboratories Ltd
11. Cipla Pharmaceuticals
12. Comed labs
13. Cosmos Limited
14. Dafra Pharma Ltd
15. Dawa Ltd
16. Ely Lily
17. Elys Chemical Industries Ltd
18. Europa Healthcare Ltd
19. Galaxy Pharmaceutical Limited
20. Glaxosmithkline Pharmaceutical Kenya Ltd
21. Glenmark Pharmaceuticals (k) Ltd
22. Globe Pharmacy Ltd
23. Goodman Agencies Ltd
24. Harleys Ltd
25. Highchem Marketing Ltd
26. Imperial Health Sciences Kenya Ltd
27. Indoco remedies
28. Innocia pharmaceuticals
29. Inotec Life

30. IPCA
31. Isis Pharmaceutical Ltd
32. Janssen Ltd
33. Jenburkt Ltd
34. Johnson & Johnson Middle East Fz Llc
35. Johnson and Johnson
36. Laborex Kenya Ltd
37. Leben Laboratories
38. Lifeken Limited
39. Lords Healthcare Ltd
40. Macleoids pharmaceuticals
41. Macnaughton Ltd
42. Madawa Pharmaceuticals Ltd
43. Mankind Ltd
44. Martindale Pharma
45. Medisel Kenya Ltd
46. Medox Pharmaceuticals
47. Njimia Pharmaceuticals
48. Novartis Pharma Services Inc
49. Novo Nordisk Kenya Limited
50. Pan Pharmaceuticals Ltd
51. Pfizer Laboratories Ltd
52. Pharma Specialities Ltd
53. Pharmacor Ltd
54. Phillips Healthcare Services Ltd
55. Phillips Pharmaceuticals Ltd
56. Population Services Kenya
57. Prism pharmaceuticals
58. Prisma pharmaceuticals
59. PSM pharmaceuticals

60. Radiance Pharmaceuticals
61. Ray Pharmaceuticals Ltd
62. Regal Pharmaceuticals Ltd
63. Roche Kenya Limited
64. Sai Pharmaceutical Ltd
65. Sandoz Gmbh
66. Sanofi Aventis Kenya Ltd
67. Serenus Bio therapeutics Kenya
68. Shalina Pharmaceuticals
69. Signature Healthcare Ltd
70. Simba Pharmaceuticals Ltd
71. SKF Pharmaceuticals
72. Square pharmaceuticals
73. Statim Pharmaceuticals Ltd
74. Sun Pharma East Africa Ltd
75. Sunpar Pharmaceuticals Ltd
76. Surgilinks Ltd
77. Surgipharm Ltd
78. Synermed Pharmaceuticals (k)
79. Syner-medica (k) Ltd
80. Tata Africa Holdings (k) Ltd
81. Unisel Pharmaceuticals
82. Universal Corporation Ltd
83. Wessex Pharmaceuticals Ltd
84. Torrent Pharmaceuticals
85. Abbott laboratories
86. Mega Life Sciences
87. MSD Pharmaceuticals
88. Lupin pharmaceuticals

Source: Pharmacy and Poisons Board Kenya (2017)

APPENDIX II: QUESTIONNAIRE

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

PART A: GENERAL INFORMATION

- 1. Your designation in the pharmaceutical firm.....
- 2. Year of establishment of the firm-----
- 3. Indicate the category of your firm (Importer/Distributor, Local Manufacturer, Multinational franchise)
.....
- 4. How many employees does your firm currently have?

PART B: strategic Planning Practices

5. Does your pharmaceutical firm actively carry out strategic planning?

Yes [] No []

6. How often do you review your strategic plans?

After every 3- 5 years []

After every 1-3 years []

After one year or less []

I don't know []

7. For how long do your strategic plans run?

Below 3 years []

3-5 years []

Five years or more []

I don't Know []

8. Indicate in the table below the degree to which your firm is involved in the following steps of strategic planning practices. Use gauge of 1-5, whereby 1=>Negligible extent 2=>minimal extent, 3=>moderate extent, 4=>large extent, 5=>a very large extent.

Strategic planning practices	1.	2.	3.	4.	5.
Formulation – Determination of strategic direction (Mission, vision, core values), situational analysis, formulation of time-bound and realistic objectives, strategic analysis and choice.					
Implementation- Communication of strategic plan to stakeholders, accountability by the management of the strategic plan, action-oriented strategy, tracking of progress of strategic plan.					
Evaluation and control- Fixing performance benchmark, performance measurement, variance analysis, taking corrective actions					

PART C: Organization Performance

9. Please assist with the following financial aspect based on your organization's documented 2020 financial figures?

Measure	Figure
Your firm's revenue?	
Your firm's targeted revenue	
Revenue achievement variance (%)	
Your firm's net profit?	

Your firm's targeted profit	
Profit achievement variance (%)	
Your firm's Return on Investment?	
Your firm's targeted Return on Investment	
Return on Investment achievement variance (%)	

10. Based on your figures above, how satisfactory are these financial data to your firm? Please tick in the appropriate space. (Key: 1=Very Unsatisfactory 2= Unsatisfactory 3=Fairly Satisfactory 4=Satisfactory 5= Very Satisfactory)

Measure	1	2	3	4	5
Firm's Revenue					
Firm's Net profit					
Return on Investment					