

**STRATEGIES USED BY DAWA LIMITED TO  
COMPETE IN THE KENYAN PHARMACEUTICAL  
INDUSTRY**

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## **DECLARATION**

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

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This research project has been submitted to the University with my approval as University Supervisor

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## **DEDICATION**

I dedicate this research project to my family members, especially my Father and Mother, My Sister Faith Mundan, Judith Chesiro, for their encouragement and immense support during my entire study.

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## **ABBREVIATIONS AND ACRONYMS**

<b>AMREF</b>	African Medical Research Foundation
<b>GMP</b>	Good Manufacturing Practice
<b>KAM</b>	Kenya Association of Manufacturers
<b>KEBS</b>	Kenya Bureau of Standards
<b>KEFRI</b>	Kenya Forestry Research Institute
<b>KEMRI</b>	Kenya Medical Research Institute
<b>KEMSA</b>	Kenya Medical Supplies Authority
<b>KIRDI</b>	Kenya Industrial Research and Development Institute
<b>KMA</b>	Kenya Medical Association
<b>MOH</b>	Ministry of Health
<b>NHIF</b>	National Hospital Insurance Fund
<b>PPB</b>	Pharmacy and Poisons Board
<b>PSK</b>	Pharmaceutical Society of Kenya
<b>QA</b>	Quality Assurance



## **ABSTRACT**

The topic entails various strategies aligned by Dawa pharmaceuticals limited in order to be competitive in the pharmaceutical industry. The strategies are linked together as they must go hand in hand in order to meet the organization objectives. The pharmaceutical industry has become vibrant especially in Kenya as focus is on devolution of healthcare to counties. In this case, various pharmaceutical companies have to come with various strategies in order to be relevant and to survive the competitive tides. The strategies include diversification, financing, value chain, marketing, customer focus, supply chain strategies among others. For example diversification may involve dealing with various products apart from human medicine but also animal drugs. This is a means of widening the market share. It also refers to expanding business fields to new markets. Supply chain strategy focuses on the procuring and distribution of drugs to the clients considering various factors such as mode of transport, lead time and flexibility. Value chain as well elaborates linking of various activities the organization performs to its competitive position and this offers competitive advantages. In addition, the topic describes the challenges faced by Dawa in implementing various strategies and how they overcome, what impact these challenges have on the overall performance of the company and various strengths, weaknesses, opportunities and threats that are faced by the organization. The challenges are aligned mostly to competition from the giant pharmaceutical industries. In conclusion, healthcare function in Kenya is devolved. This call for generation of strategies in a wider perspective, e.g. marketing, customer focus, partnerships with distributors, doctors, hospitals, pharmacies and medical representatives. This will enable easier market penetration in order to remain competitive and relevant. Other strategies include growth and expansion strategies, information and communication strategies.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Business associations are ceaselessly looking for courses in which to strengthen exhibitions with a specific end goal to contend effectively and forcefully in the market. To do this they have to utilize methodologies that will help them to keep an aggressive edge over others. As indicated by Drucker (1969), methodology is a case of critical targets, purposes or goals, and imperative methodologies or game plans for achieving these destinations, communicated in order to portray the business the association is in or is to be in.

Various theories have been adopted in relation to the case study and among them is strategic perspective theory. The writing addresses flooding methodology definitions and arrangements demonstrating that triumphant business systems are grounded in manageable upper hand through proper positioning. Superior capabilities in headship and degrees offers competitive advantage to businesses divisions therefore leading to achievement in organizational objectives. Another critical theory is competitive advantage theory where upper hand exists when a firm has an item or administration that is seen by its objective market clients as superior to that of its rivals. The two theories help outline various strategies used by Dawa limited to remain competitive in the pharmaceutical industry.

A business methodology portrays how a specific business means to prevail in the picked commercial center against its rivals. It along these lines speaks to the best endeavor that the management can make a characterizing and securing the eventual fate of that business. Hill and Jones (2001) saw technique as a move that a firm makes

to accomplish more prevalent execution. As indicated by Edward and Heller (2006), the best business techniques must control a course between the inescapable interior weight for business coherence and the requests of a quickly evolving world. Appropriate implementation is critical to accomplishing upper hand.

Understanding the vital position of an affiliation and considering the fundamental choices open to it are the little esteem unless the favoured techniques can be transformed into organizational action (Johnson, Scholes and Whittington, 2008). The achievement and sustainability of a firm is very subject to competitive advantage that outcomes from the organizations planned and embraced procedures. A decent business strategy meets a neglected need in the market. The item or administration that association offers must fulfil a client's neglected need. This may mean a fresh new item or service or it might mean figuring out how to give an item or service at a lower cost than is presently accessible.

Michael Porter provides three overarching strategies used by organizations. These three nonexclusive strategies are delineated on two measurements: strategic scope and strategic strength. Strategic scope is a request side measurement and shows up at the measurements and creation of the market while strategic strength might be a supply-side measurement and shows up at the quality or center ability of the firm.

The force of competition in a business is not a matter of good fortune. Rather, a challenge is established in hidden business financial aspects and goes well past the built up contenders. Not all businesses have break even potential. They differ fundamentally in their last benefit potential as the aggregate quality of the powers of competition varies. As competition intensifies, several businesses still look for profitable ways within which to differentiate themselves from competitors.

Organizations ought to acquire new skills to develop a strategic vision for the long run course of their business. As Barney (1999) argued, in order for a firm to achieve a sustainable competitive advantage, it should implement a value making activity that is not being simultaneously enforced by alternative competitors and once alternative companies are unable to duplicate the advantage of this strategy then that firm will be aforementioned to poses distinctive methods that are totally different from its competitors.

Botan (2006) posits that for an organization to succeed, it should have a sound set up on the way to educate its target customers regarding the merchandise and services that they provide. Most firms formulate methods so as to stay competitive. AN example could be a communication strategy, that starts with interacting with one client then the entire world. Dolphin and Fan (2000) argue that effective communication is crucial for the success of any organization.

### **1.1.1 Concept of Strategy**

The idea of methodology is the center key of strategic management. A strategy is a long run plan of activity intended to accomplish a specific objective, frequently winning (Thompson et al 2007). As showed by Johnson and Scholes (1999) strategy is the course and degree of a relationship over long run, which finishes advantage for the relationship through its game plan of benefit inside a changing space to address the issues of the business areas and fulfil accomplices' yearnings. The managers today are confronting an inexorably mind bogging and dynamic environment (Chandan, 1997). These flow have made hyper-rivalry in various enterprises. For survival in the world of today, most businesses have adopted various strategies to sensitize their

customers about their products and services in order to position themselves against their competitors.

Mintzberg (1996) characterizes strategy as an arrangement, ploy, series, position and point of view. It asserts that it is an arrangement that can be characterized and took after. As a ploy it can be viewed as a move in an upper hand diversion. It is a pattern of steady conduct coherently all through, and as point of view: it is a one of a kind method for seeing the world. As position, it is a method for finding an association in its surroundings.

The organization is viewed to be an open system that is largely influenced by the dynamic changes in the environment to which it's dependent for resources, market, opportunities and threats determines how well it implements its strategy (Werner,2008). The strategies being used by Dawa limited to respond competition in the pharmaceutical industry include diversification, communication, value chain analysis, marketing, supply chain, customer focus, business acquisition strategies and financial strategies.

Diversification has been widely studied in economics, management, and finance. Dawa limited has responded to financial strength of its competition by inviting extra shareholders or investors at its various growth stages. According to Grant (2005), strategy is about winning the external environment influences a first decision and performance. Strategy determines how a firm deploys its resources within its environment so as to meet its long term objectives.

### **1.1.2 Competitive Strategy**

As indicated by Johnson and Scholes (2002), procedure is the avenue available for an organization to pursue its goals and achieve organizational objectives. Procedure is a valuable device in helping directors handle every day issues that associations face and offers huge help for adapting to issues facing numerous organizations (Aosa, 1992). There are two significant sorts of frameworks. Corporate framework-organizations pick which line or business to partake in- and business or centered technique, which sets the structures for gaining ground in a particular business. The two sorts of systems include orchestrating, industry or market examination, target setting, duty of benefits and checking.

The arrangement of a sound framework energizes different exercises and looked for results that would be for the most part hard to finish. A key course of action when instilled to all people from an affiliation outfits specialists with a sensible vision of what the reasons and goals of the firm are. The arrangement of method forces relationship to examine the likelihood of advance inside a sensible time span and to get prepared for change rather than to hold up idly until market powers ask it. Essential definition allows the firm to mastermind its capital arranging. Associations have limited advantages for contribute and ought to allocate capital resources where they will be ideal and construe the most dumbfounding benefits for their hypotheses.

The organization association should first pick the business or organizations in which it wishes to connect with, as it were the corporate procedure. The organization ought to then understandable a statement of purpose reliable with its business definition. The organization must create vital destinations or objectives and set execution goals. In light of its general targets and an investigation of both inner and outside variables, the

organization must make a particular business or aggressive procedure that will satisfy its corporate objectives for example seeking after a market specialty system, being a minimal effort, high-volume maker. The organization ought to then be in a position to actualize the business procedure by making particular strides at occurrence bringing down costs, producing associations, entering new dispersion channels. At long last the organization needs to audit its methodology's viability, measure its own execution, and perhaps change its technique by rehashing a few or the greater part of the above steps.

Fabulous technique is the premise of facilitated and supported endeavors coordinated towards accomplishing long haul business destinations. They are helpful for controlling an association's significant activities. Firms required with various ventures, organizations, product offerings or client assembles ordinarily join a few fabulous systems (Pearce and Robinson, 1997). According to Hunger and Wheelen (2003), a firm's grand strategies comprise of growth, stability and retrenchment strategies.

Grandy (1995) argued that growth strategies involve exploring business opportunity for both financial and competitive advantage. Concentration which comprises vertical and horizontal integrations is useful where an organization's product offerings have genuine development potential. "Through vertical development, a firm basically, expands on its particular capability in an industry keeping in mind the end goal to increase incredible upper hand by growing along the business esteem chain" (Hunger and Wheelen, 2003, p.92). Grand technique fits energetic interpretive scholarly civil arguments, yet it is realistic to the point that specialists, present and previous, can and should contribute for it to be legitimately caught on. It prompts to productively basic

examinations of pioneers: helping understudies understand the pioneers even as they fundamentally assess their decisions.

Diversification on the other hand entails directions of developments which removes the association from its present to new markets and items (Johnson and Scholes, 1999). The rationale behind diversification is that a firm can gain competitive advantage if it has skills or resources that it can transfer into new markets, Porter (1997). When a company's competitive position is weak, it can opt to use retrenchment strategies to stimulate growth and improve performance. These include turn around, captive company strategy, divestment and sell-out strategies (Hunger and Wheelen, 2003).

### **1.1.3 Porters Five Industry Forces**

Michael E. Porter (2009) developed the five forces industry analysis for business competitive strategy in positioning itself. These are contention, danger of substitutes, purchaser control, provider control and the risk of new passage. Rivalry among competitors is a major element in shaping competition in the world of business. The quality of contention mirrors the power of rivalry but additionally is a premise of rivalry. The profitability of a firm may be reduced significantly as a result of rivalry as this will gravitate to price and since value competition exchanges profit from industry to clients (Kotler, 2001). Contention among contenders can take numerous structures including cost discounting, new item advancement, promoting effort and administration upgrades. The risk of section of new contenders: With entry of new industry players, the desire to gain market share and capacity increases, this will result in decrease in profitability.



In pharmaceutical industry, there is perception of the industry being profitable and this makes its threat from new entrants very high and for this reason existing firms have to formulate competitive strategies so that they can ensure their survival, growth and profitability. The risk of substitute items: A substitute is something that can be used in the absence of another. The presence of close substitute things constructs the slant of customers to change to decisions in light of cost increments. The bargaining power of clients: It is the capacity of clients to put firm under pressure regarding item costs.

As indicated by Mintzberg (2004) buyers have a tendency to be more delicate in the event that they are obtaining items that are undifferentiated, costly, with respect to their salary. Effective clients can catch more esteem by constraining down qualities, requesting better quality items or benefit and for the most part playing industry members against each other, all to the detriment of industry gainfulness. There firms in pharmaceutical industries should be able to find strategies that will enable them overcome challenges of customer power, otherwise they may be forced to sell at low prices and make low margins. Bargaining power of suppliers: A source of power over the firm can be created by suppliers of raw materials, components or services. According to Porter (1980), the power of providers decides the degree to which value made for purchasers will be appropriated by providers in the business. Able suppliers can get a more prominent measure of the esteem for themselves by charging higher costs limiting quality or services or moving costs to an industry part. This is an important factor when formulating competitive strategies in the pharmaceutical industry.

#### **1.1.4 Pharmaceutical Industry in Kenya**

The pharmaceutical business in Kenya involves makers, merchants and retailers, who all viably reinforce the Ministry of Health and other key players in working up the prosperity of the wellbeing of the health section. The pharmaceutical area comprises of around 30 authorized concerns including local fabricating organizations and huge Multi-National Corporations (MNCs), subsidiaries or joint endeavors. These organizations aggregately employ more than 2,000 individuals, and around 65% of them work in direct production. The quantity of organizations occupied with assembling and circulation of pharmaceutical items in Kenya incorporate Alpha Medical Manufacturers, Aventis Pasteur SA East Africa Bayer East Africa Limited & Beta Healthcare, Shelys Pharmaceuticals all in Nairobi (Kenya Fact book sixteenth Edition, 2001 and The Kenya Telephone Directory 2004).

The Kenya Medical Suppliers Authority (KEMSA), a division of Ministry of Health is mandated to source for medical supplies on behalf of the government and thereafter channels such medication to the government. The market for pharmaceutical items in Kenya is assessed at over Kshs eight billion annually. The legislature, through Kenya Medical Supplies Authority (KEMSA) is the biggest buyer of medications either locally manufactured or imported. It purchases around thirty percent of the medications in the Kenyan market via an open-delicate framework and disperses them to government restorative establishment. Kenya to a great extent imports therapeutic and pharmaceutical items from sources like Great Britain, the USA, India, France, Germany, and Switzerland. The estimation of Kenyan therapeutic and pharmaceutical items traded expanded from Kshs 1.6 billion in 1999 to 2.1 billion in 2003.

There are extraordinary endeavors being made in the range of innovative work in the area of pharmaceutical and medicinal services advancement in Kenya. Such innovative work is supported by national research organizations and international research organizations. The major Institutions and teaming up offices incorporate ,Pharmaceutical Society of Kenya (PSK), Kenya Medical Association (KMA), Kenya Medical Suppliers Authority (KEMSA),Kenya Association of Manufacturers (KAM), Ministry of Health (MoH),Kenya Bureau of Standards (KEBS),Kenya Forestry Research Institute (KEFRI) and National Health Insurance Fund (NHIF).

### **1.1.5 Dawa Limited**

Dawa limited started its operation in 1977 in Nairobi, Kenya. It has range of quality pharmaceutical products manufactured to exacting World Health Organization Good manufacturing practices (GMP) standards. Dawa is an established quality assurance (QA) and GMP agreeable assembling office that is both effective and has a high generation limit. The company provides a wide range of quality products including tablets, capsules, syrups, suspensions, powders, injections, creams and ointments. The company has a staff of more than 500 employees. Through their specialized Animal Health and Human Health divisions, they have over the decades provided front line products that have ensured enhanced animal productivity and best quality of life for patients. Its head office is based in Nairobi, Kenya.

Dawa limited is guided by a vision and mission as part of their strategy. Their vision is to be a main and most regarded pharmaceutical manufacturing and showcasing organization in Africa that is eminent for providing top quality, available human and veterinary pharmaceutical items. Its main goal is to empower individuals lead

cheerful, solid and quality lives by manufacturing and providing trusted quality healthcare items for human and veterinary.

In 2004, Medisel (K) Ltd acquired Dawa Limited, as a strategy to grow and enhance company's position in East Africa's pharmaceutical industry. By virtue of its main product's lasting brand value, Dawanol, the group is now called the Dawa Group. Although Dawa Limited was at crossroads at the time, it was given a new lease of life by the acquisition and is now one of top three pharmaceutical producing firms in the region with its footprints in over 10 African countries. Under the new management, the company has realized an extraordinary superior growth rate even by international industry standards, of nearly 275% since 2009, mainly achieved through improved operations and an emphatic footprint in the region. As the drug manufacturer seeks to penetrate the fertilizer market, Dawa Limited has expanded its paddle to acquire Kel Chemicals targeting the fast growing chemicals industry. Kel Chemicals, founded in 1977, is the oldest and largest manufacturer both in East and Central Africa of single Superphosphate fertilizer and sulphuric acid, and is intended to enable the conglomerate diversify into the expanding market.

(<http://www.nairobibusinessmonthly.com/companies/dawa-limited-acquires-kel-chemicals/>).

This also enabled Dawa Limited to leverage on the expansive network of its new parent company to widen its market reach. Today, their products can be found in virtually every African country, thanks to their commercial operations in more than 10 countries in Eastern, Central, and Western Africa.

## **1.2 Research Problem**

Due to competition, most organizations are adopting various strategies to effectively portray their message in manner that captures the attention of their target market. In Kenya, pharmaceutical industries have implemented strategic plans in an attempt to cope with the changes in the external environment. Some pharmaceutical industries have failed and others have succeeded. Strategies play an important role in enabling a firm to gain a competitive edge against competitors. However this cannot be achieved without effective communication between the management team and the employees in an organization. Erica (2012) asserts that it is important to have a proper plan on how to reach the predetermined target audiences and this call for a strong communication strategy that would be appealing to the audience in order to ensure that the message is delivered in the easiest way.

In the recent past Kenya has experienced the rise of many pharmaceutical industries. The rising of these companies has been attributed to growing economy which has encouraged investors hence creating ready markets for local pharmaceuticals. Significantly apart from the promising market for locally produced products, there has been increased competition in the market. Competitive advantage is crucial for achieving and sustaining superior performance.

The level of performance is dependent on the strategies the organization adopts. There is need for Dawa limited as a local manufacturing firm in Kenya to defend and sustain its position in the pharmaceutical industry and at the same time edge out potential competitors. In the event that technique research is to keep on offering sound rules on the vital conduct of firms it appears to be basic to have a more key comprehension of

the variables affecting an association's decision of expansion system and how this develops in light of changing business conditions (Weirsema and Bowen 2005).

Different studies have been done with respect to the subject of competitive advantage; Karanja (2002) looked at competitive strategies in real estate firms. Khalid (2004) carried out a survey of competitive strategies adopted by supermarkets. Nyamwange (2001) investigated the operation strategies put in place for competitiveness of Kenyan large firms while Owuor (2004) studied strategic alliances and competitive advantage in major oil companies in Kenya. Kerema (2003) researched on the resource based view of competitiveness and surveyed producing firms recorded in the Nairobi Stock Exchange. Awuor(2004) looked at strategies employed by Kenya Tourism Board to establish competitive advantage. Sirengo (2009) researched on the sustainable competitive advantage applied by low cost airline in Kenya with Five Forty Aviation as her case study. The study on the other hand focuses on a broader spectrum of all possible strategy combinations that can be used to achieve competitive advantage. The study therefore intends to fill this gap by answering the following research questions; what are the challenges aligned with implementing strategies for competitive advantage at Dawa limited? What are the strategies used by Dawa limited to compete in the Kenyan pharmaceutical industry?

### **1.3 Research Objectives**

- i) To determine the methods used by Dawa limited to compete in the Kenyan pharmaceutical industry
- ii) To determine the challenges aligned with implementing strategies for competitive advantage at Dawa limited.

## **1.4 Value of the Study**

This study will be vital to the different clients of this exploration data who will incorporate government controllers, Dawa limited, other pharmaceutical industries, scholars and investors. This research will be beneficial to Dawa limited in that it will expose the gaps in its strategy, which if addressed in time will help it to deter competition. It will also identify the strategies it can leverage to sustain its competitive edge.

The study will likewise make huge commitment to present and potential financial specialists of Kenyan pharmaceutical industry, as it will give a ton of knowledge on the systems they can use to react to rivalry. This exploration will add to the current assortment of information here and invigorate encourage investigate on various parts of reaction to rivalry in different enterprises. Academicians and scholars shall apply the knowledge gained from the study in drawing parallel with other similar studies undertaken. Scholars shall develop or improve on appropriate theories and models that are universally applicable and not restricted to the pharmaceutical sector only. The study brings out additional knowledge to the existing one by linking the country's vision 2030 to the company's strategies. The knowledge is that long-term visions that are implemented through institutions must incorporate supportive structures in the responsible institutions if the vision is to be realized.

This study will be very valuable to the regulators like Pharmacy and poisons board (PPB) considering the pivotal position played by Dawa limited in the Kenyan pharmaceutical industry. In addition the outcome of the research will be found helpful to Pharmaceutical managers in understanding the trends in Supply Chain Management which will help them in making effective decision making. The study could be used

as a guide for policy setting and implementation of strategic channels for educating and advising customers on the products and services that suite their needs. The Government would be in a position to plan approaches that are aimed at expanding profitability and shielding the interests of pharmaceutical companies based on customer satisfaction.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter provides theoretical framework whereupon this study is based. Different types of strategy and the concept of competitive advantage have been explored. The chapter also examines the various strategies that are employed for purposes of being competitive and the challenges encountered in implementing these strategies.

#### **2.2 Theoretical Basis of Study**

This study reviewed on the theoretical studies and mainly concentrated on two theories which are strategic Choice perspective theory and competitive advantage theory.

##### **2.2.1 Strategic Choice Perspective Theory**

The associations are equipped for reacting to ecological dangers and openings by receiving elective vital decisions guided by the choices of key pioneers whose occupation is to upgrade execution. The literature addresses flooding methodology definitions and orders demonstrating that triumphant business procedures are grounded in reasonable upper hand through legitimate situating. Course and degree of a relationship as time goes on, achieves advantage for the affiliation its plan of benefits inside a developing space, to address the issues of business segments and to fulfill partners wants. Porter's (1996) non-specific methodologies that comprise of cost initiative, separation, and focus can be recognized as a standout amongst the most referenced technique characterizations.

Positioning is seen as a show of planning the association's putting forth or picture to have a specific place in the goal market's psyche (Kotler 2001), though benefit advertisers consider it to be the company's extraordinary method for conveying worth to the clients. From a vital administration point of view, situating includes the announcement of target markets and differential preferred standpoint, i.e. where and how the organization will contend (Saunders, 1999). Extensively, it is conceivable to recognize established, asset based, and capability based methodology conventions with comparing models for situating services and services associations.

### **2.2.2 Competitive Advantage Theory**

The central basis of long-run accomplishment of a firm is the accomplishment and support of a maintainable upper hand. An upper hand exists when a firm has an item or administration that is seen by its objective market clients as superior to that of its rivals. Sadly, business visionaries are regularly gone up against with two myths encompassing the production of an upper hand. One is that most great business openings are as of now gone. The other is that little firms can't contend well with enormous organizations. In order to achieve a competitive advantage organization must focus on achieving competitive advantage that can be preserved over a long period of time. This is because a company, prosperity depends on how powerful and enduring its competitive advantages are (Tilson, 2000). As Barney (1991) argued, in order for an organization to attain a sustainable upper hand in competition, it must apply an esteem making action that is not being all the while executed by different contenders and when different firms can't copy the advantage of this technique then that firm can be said to postures unique strategies that are different from its competitors.

## 2.3 Competitive Strategies

Porter (1980) disclosed the four bland aggressive techniques that can be feasible in the long term business and these are cost administration methodology, separation procedure, cost center system and separation center methodology. The diagram representing them is shown below:-

### Competitive advantage

Cost leadership	differentiation	Broad target
Cost focus	Differentiation focus	<b>Competitive scope</b>
		Narrow target

**Figure 1.1: Porters Generic Strategies**

**Source:** Porter M.E (1998) Generic strategies. The free press pp4.

### 2.3.1 Cost Leadership

Cost leadership is when an entity strives to acquire competitive advantage over the competition in the market. It must produce at lower cost as its strategy because a firm that produces at lower costs enjoys the best profits. A firm can achieve low cost advantage by either two options, manage the activities in its value chain better than competitor to achieve overall lower costs and to revamp the firm's activities altogether (Thompson and Strickland 1998). Cost leadership requires aggressive development of proficient timetable help, overwhelming quest for cost diminishment as a matter of fact, tight cost bend control and cost minimizations in different capacities.

### **2.3.2 Differentiation Strategy**

A separation procedure goes for offering an item or service with exceptional qualities that are regarded by customers and that customers seem to be better than or one of a kind in connection to the consequences of the competition .New business procedures new hierarchical methodologies, new business and new empowering innovation are being utilized by numerous ground breaking organizations to constantly enhance their advancement procedure.

According to Porter (1980), a product can be differentiated in terms of: design, brand, image, technology and features. In addition he says that this strategy may preclude the firm from gaining high market share but it gets compensated by creation of loyal customers who are not price sensitive. An organization endeavoring to prevail through separation system must study purchasers' needs and conduct painstakingly to realize what purchasers consider imperative, what they think has esteem and what they will pay for.

### **2.3.3 Cost Focus**

The focus strategy aim at the premise of selecting a section or a group of segments in the industry and attempts to achieve either a cost advantage or differentiation. There are two variants for the focus method. A focused procedure in view of minimal effort goes for securing an upper hand by serving those who want to purchase in the objective market specialty at a cheaper price than opponent contenders.

### **2.3.4 Differentiation Focus**

Differentiation focus strategy on the other hand aims at differentiation inside one or various target showcase portions and this demands that customers different needs and wants be recognized. It is of great importance to note that profit potential on an

industry heavily depends on the collective strength of the five forces that determine industry competitiveness.

## **2.4 Competitive Environment**

The quintessence of planning focused methodology is relating an organization to its surroundings. (Porter, 1980). In spite of the fact that the pertinent environment is extremely expansive, encompassing social and in addition monetary strengths, the key part of the organizations' surroundings are the business ventures with which it contends. Organizations structures have a solid impact in deciding the focused guidelines of the amusement and also the systems conceivably accessible to the firm.

The present comprehension of the focused technique firm execution relationship can be followed to the association system of industry conduct. Industrial organization (IO) underlined qualities of the business as the essential determinants of authoritative execution Barney (1991). Researchers tested IO's failure to clarify huge execution differences inside an industry (Ghemawat, 2002).

Familiarity with the five strengths helps an organization comprehend the outlook of its industry and purpose out a position that is more gainful and less defenseless against assault (Porter, 2008). The five powers incorporate dealing force of providers, risk of new competitors, and contending force of purchasers, danger of alternative items or administrations lastly contention among existing firms. The five strengths model will make Dawa limited touchy and responsive to what is going on in the pharmaceutical business and past.

An inner investigation of qualities and shortcomings will distinguish the novel aptitudes and assets that give an association an upper hand. One of a kind upper hand is a blend of prevalent productivity, quality, development, and client responsiveness. (Chandan,1997).The qualities of Dawa limited incorporate the availability of their operations in more than 10 countries in Eastern, Central, and Western Africa as well as dealing with both human and veterinary products which boosts their competitive advantage. Their weakness is that it is not an international company to enable it trade worldwide and compete with the big giants like GlaxoSmithKline and Pfizer limited. Hence this makes its penetration into the world market a bit challenging. Opportunities that Dawa encounter include good location and ability to penetrate the Kenyan market easily due to economic and political stability. Threats include new entrants in the pharmaceutical industry and counterfeit products being circulated in the market.

## **2.5 Challenges aligned with implementing Strategies for Competitive Advantage**

In the quest of achieving competitive advantage, firms are usually faced with a number of challenges. At the point when a business is market driven, the business' exercises will be controlled by the market, it will at all times endeavor to address the issues of the market with close to nothing if any reference to inward qualities of the business and these will mean high cost of statistical surveying to comprehend the market and consistent inside change as requirements of the market are to be met and this may cause a serious challenge since the future of the market is unpredictable.

Cost leadership in particular forces extreme weights on the firm to keep up its position, which implies reinvesting in cutting edge hardware or scrapping out of date resources. Technology may change faster than anticipated, bringing new and substantially cheaper techniques of production nullifying past investments or learning. Heavy investment in low cost techniques may lock a firm in its current technology and strategy leaving it vulnerable to changes in technology and market conditions.

In differentiation, cost differential between minimal cost contenders and separated firms turns out to be excessively awesome, making it impossible to hold brand dependability. Purchasers may yield a portion of the extravagances, services and elements of separated items for huge cost investment funds. In the alternative, purchasers' requirement for the separating component may fall as they turn out to be more complex. Imitation may also narrow the perceived value of a differentiated product.

Focus strategy can be limited in that competitors may find ways of matching the focused firm in serving in segments. The segments may also become so attractive that it attracts many competitors. Competing on prices has its draw backs as it is also easily opted by the competition leading to margin reduction. Subsequently the firm is unable to reinvest to develop the product or service resulting to loss in the perceived benefit of the product. In hyper competitive market conditions, first movers may be denied the chance of dominating the market due to frequent environment changes. Since competitive advantage in such circumstances can only be maintained through continuously supplanting an organizations present effective product with the up and coming era of items, firms may become too pre-occupied with short term tactics over long term strategy.

Companies intending to get in collaborative arrangement should be aware of putting their guard down to the point of their partner companies aping their distinctive competencies. Distinctive competencies must never be shared, otherwise the firm will be edged out of business by partners turned competitors. Firms pursuing grand strategies have their own challenges. According to Mwindi (2003), diversification is an erratic high stakes diversion since organizations confront the choice in a climate that is not helpful for attentive pondering. This is on the grounds that there is little tradition astuteness to guide administrators as they consider a move that can incredibly expand shareholder esteem or genuinely harm it (Marides, 1997). Diversification therefore requires substantial knowledge, thinking skill and process (Cruvens et al, 1996).

Strategy implementation involves operationalizing of strategy implementation plan at the various levels of the organization. Pearce and Robinson (2007) postulate that putting strategies into place is a process that cuts across the hierarchies of the organization and requires team working with each level playing a supportive role to the others. According to Aosa (1992), useful level methodology basically concentrates on accomplishing most extreme utilization of assets. To guarantee fruitful strategy implementation, it is vital to keep up vital control of basic environmental components influencing the suitability of the strategic plan and survey the impacts of vital activities to guarantee the key arrangement accomplishes its objective. Thompson et.al, (2007) are of the view that system implementation should be backed by an implementation strategy in the form of a program or plan. Further, they argue that consideration should be given to management style consideration when implementing strategies to limit challenges associated with it.



Yoshino and Rangan (1995), watched, "organizations together are a piece of the worldwide rivalry amusement, they are basic to win on a worldwide premise. The minimum alluring approach to attempt to win on a worldwide premise is to imagine that you can take the world without anyone else's input" (P.3). Coordinated effort between potential contenders, purchasers or dealers is probably going to be profitable when the consolidated expenses of offer executing are lower through joint effort than the cost of working alone. Baysingor and Hasskinsson, (1989) noticed that combined firms increment their market control.

Suppliers collaborate to build close links with customers to jointly design new quality products hence increase selling power. Organizations are also making arrangements to tie suppliers to their enterprise resource planning (ERP) system, the result of which is coordinated buying power (Johnson et al, 2008). Through research and development, mergers promote industry generic features so as to overcome substitution. Kautz (2000) argued that competitive advantage in mergers emanates from getting better prices for goods to seeking business with the aim of minimizing risks and maximizing company leverage. Chaunduri and Tabrizzi (1999) saw mergers and acquisitions as critical tools for growth in a new economy.

Organizations seeking to develop beyond their tradition boundaries collaborate to gain entry into new arenas and to reduce operation costs. Channon (1999) agreed that firms form strategic alliances in order to achieve certain strategic goals. A well-crafted strategy is bound to be effectively implemented (Pearson & Robinson, 2009). Formulation of the strategy requires scanning of the environment to determine strength, weaknesses, opportunities and threats. Therefore, all around figured systems just create predominant execution for the firm when they are effectively actualized.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter was arranged to provide insight in research design, data collection and data analysis that was used in the study.

#### **3.2 Research Design**

The research design used was a contextual analysis. A contextual investigation approach is especially proper for individual researchers since it gives an open door for one part of an issue to be examined in some profundity inside a restricted time scale. This design is appropriate since it enabled a near comprehensive collection of data from the pharmaceutical company. The research analyzes all data selected within a specified time period. This referred to the methods and procedures followed in conducting the study. A contextual investigation permits an examination to hold the all-encompassing and significant attributes of genuine occasions. It included a cautious and finish perception of the social units.

Expressive research is a procedure of gathering information so as to test speculation or to answer questions about the ebb and flow condition of the subjects under the study. This type of design determines and report things the way they are. In this study, the design was used to answer research questions. The design was found to be appropriate to this study as it was able to report on the different strategies being used by Dawa limited so as to keep a competitive edge. A contextual analysis stressed relevant examination by restricting the exploration to a solitary firm and subsequently took into account top to bottom testing onto the topic. Mwangi (2009) successfully used this research design.

### **3.3 Data Collection**

The two sources of data in the study were both primary and secondary data with raw data collected from the employees of Dawa limited who were involved in the strategy implementation. An interview guide was used in collecting the raw data. The study also used secondary data to collect data from published sources such as company reports, audited financial reports, journals and websites.

This was used in order to pick up a superior comprehension and enabled a better and more insightful understanding of the outcomes from the study. The interview guide was preferred as an instrument of data collection because it offered flexibility of contextualizing the questions to the organization under the study.

### **3.4 Data Analysis**

Content examination strategy was be utilized to break down the information. Shanon et.al (2005) portrays content investigation as the precise subjective depiction of the piece of the articles or techniques for the study. Content investigation included perception and nitty gritty depiction of articles or things that contained the protest of the study. As Kombo and Tromp (2006) contended, content examination looks at the power with which certain words have been utilized and systemically depicts the frame or substance of composed or talked material. Data collected in the study was qualitative hence main tool for data analysis was content analysis.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter discusses the data analysis and research findings of the study. The data collected was analyzed and interpreted in line with the objectives of the study which are: to determine the strategies used by Dawa limited to compete in the Kenyan pharmaceutical industry and the challenges aligned with implementing strategies for competitive advantage at Dawa limited. Content analysis method was used to analyze the in depth qualitative data that had been collected.

#### **4.2 General Information**

This section generally covered the general information on the company in the study. The specific information covered includes ownership, number of employees and staff diversity.

##### **4.2.1 Ownership**

Set up as DAWA Pharmaceuticals Ltd. in 1974, DAWA LIMITED was at first a joint venture between the Kenyan and Yugoslavian government, now Slovenia, with Krka pharmaceuticals. In the decades that took after, DAWA was at the front line of pharmaceutical production in East and Central Africa and made items under contract for the UK's Beecham Pharmaceuticals which is currently known as GSK. Alongside making items for other European organizations, DAWA made items for itself and in 2004 it was purchased by Medisel (K) Ltd and renamed DAWA LIMITED.

The genesis of the group began with the acquisition of the 42 year old company – Dawa Limited by Medisel Kenya Limited in 2004. By virtue of its main product’s lasting brand value, Dawanol, the group is now called the Dawa Group. Although Dawa Limited was at crossroads at the time, it was given a new lease of life by the acquisition and is now one of top three pharmaceutical producing firms in the region with its footprints in over 10 African countries. Under the new management, the company has realized an extraordinary superior growth rate even by international industry standards, of nearly 275% since 2009, mainly achieved through improved operations and an emphatic footprint in the region.

The group Managing Director, Ajay Patel, is a graduate from the University of Wisconsin as well as a fierce business man running big projects in Thika, where he was born and brought up. The doctor is now seeking to accomplish the strategy of expanding their manufacturing capacity while spreading their tentacles to a number of markets in Africa. Under his leadership, the group is set to experience phenomenal growth. Dawa limited also has Group Chairman Raju Mohindra, Group Finance Director Reema Mohindra, as well as other senior staff. With a dream to be Africa's driving producer and supplier of pharmaceuticals, Dawa Limited has become exponentially in the most recent 40 years.

#### **4.2.2 Number of Employees**

The company has a staff of more than 500 employees. Through their specialized Animal Health and Human Health divisions, they have over the decades provided front line products that have ensured enhanced animal productivity and best quality of life for patients. Its head office is based in Nairobi, Kenya.

### **4.3 Marketing Strategies**

This section was aimed at determining what the company's marketing strategies were. To determine this researcher analysed the company's marketing department structure, target market, correspondent network, product mix, and product development. The researcher found from the company website that the company had a fully-fledged marketing department headed by the director of sales and marketing. The company structure also has other directors playing a crucial role in marketing like the directors of operations and technical director.

Marketing techniques being utilized by Dawa limited are aimed at making new advertising specialties as opposed to standing up to the current market. "Through research and product advancement, Dawa ltd has created products and services that recognize the requirements cycle and budgetary assets of this market portion along these lines cutting out a specialty showcase. With the acquisition of Kel Chemicals in Thika, DAWA group will now be able to expand into the chemical and fertilizer business and continue to reduce the nation's dependency on imported chemicals, fertilisers and pharmaceuticals.

Kel Chemicals is renowned for its quality and customer centric focus. The company works hand in hand with the farmers and research institutes around the country to drive science based factual knowledge that they use to educate farmers on the correct dosing of fertilizer to optimize soil structure and improve crop yields economically.

Apart from offering free soil testing, the company has also been part of research conducted by Moi University that found that crop yields per acre nearly doubled for maize and tripled for wheat over a period of 4 years as a result of using Kelphis, the company's top fertiliser brand. The study also recorded an improvement in soil

structure and pH levels, which are important indicators of soil fertility from using products from Kel Chemicals.

Dawa limited boasts having some of the best pharmacy laboratory and equipment in the region. They also employ the best pharmacy graduates from local universities and colleges. Their excellent induction programme matches the graduates with experienced professionals to ensure that the graduates grow into highly resourceful individuals. They then place the most promising personnel in strategic positions to propel the company further into market leadership. With this, nothing stands in the way to our success and sustainability as a company.

In line with this, the group organizes various charity activities in line with each company's objectives, through which individual companies and volunteer their time, professionals, as well as products and financial resources to assist the needy. Most of their activities focus on providing healthcare at no cost to extremely needy communities. They also collaborate with like-minded organizations to offer free medical camps for the poor.

Through its corporate social responsibility approach to healthcare, Dawa limited has rolled out free medical camps, for example in Feb 2011, therapeutic camp held at Nyaribo primary school, Aug 2011, Dawa ltd gave free medical supplies through provide international for a medical camp held at Korogocho slums. In Sep 2011, Dawa Ltd gave out medical supplies to Beta Care Hospital Limited for a free Medical camp at the hospital. The group partakes in different medical camps in Kenya by giving free medications. The principle medical camp that the group sponsored is the Thika Cataract Surgery camp. The group organized, facilitated and supported the

venture with Thika Level 5 Hospital where the camp was held. Dawa also participated in plantation drives as awareness of the environment protection.

DAWA brought together sponsors, patients, specialists, and volunteers and gave medical supplies. In conjunction with volunteer specialists and the county government of Thika, medical camp was held in Thika. The results been a total of 220 patients treated free of charge.

#### **4.4 Growth and Expansion Strategies**

Albeit situated in Nairobi, DAWA LIMITED has broad impressions in Africa. It has a presence in Uganda, Rwanda, Burundi, Zambia, Malawi, Ivory Coast, Democratic Republic of Congo and South Sudan. Pushing ahead, the organization is at present attempting to pick up section into Senegal, Benin, Togo, Guinea, Conakry, Madagascar, Tanzania and Ethiopia inside the following 12 months.

To meet market demand for various types of antibiotics in the region, Dawa Limited has been pursuing an aggressive growth strategy, which has seen the company set up a state-of-the art Penicillin manufacturing facility. Penicillins are a kind of antibiotics that are used in the prevention and treatment of different kinds of bacterial infections. This new facility places Dawa Limited at the top of the list of Kenya's leading manufacturers of antibiotics for use in animal and human health.

It recently completed a \$5,000,000 redesign of its Beta Lactam unit which makes penicillin-based antibiotics and is growing its distribution centers to take care of the increased production. In year 2015, Dawa wanted to burn through \$7m to extend its general assembling piece which makes items, for example, capsules and tablets. What's more, there are as of now chats with a Tanzanian producer for a takeover.



Dawa Group is further set to broaden its portfolio with a modern veterinary plant in Thika. The managing director notes that open door is additionally bounteous in veterinary items. Neighboring Ethiopia has the biggest cattle populace in East Africa. Dawa is developing another \$4m plant, that is to open in 2016, devoted to these items in light of the fact that the veterinary market is becoming colossally in Kenya and encompassing nations.

The DAWA-Medisel group is at present chipping away at different undertakings which include a huge Shopping Mall in Thika, a multi-useful residential and business advancement on the edges of Nairobi and it as of late procured a pharmaceutical processing plant in Thika where corporate workplaces will be fabricated and a veterinary assembling unit will be set up. Its business interests span across healthcare and real estate, with flagship projects like Casaurina Heights and Temple View Apartments on Forest road, Albizzia Downs Estate and the Ananas Mall, the first ever in Thika. With a state-of-the-art pharmaceutical manufacturing facility in Nairobi, and over 500 employees, it is a signal that things are looking up. "The population in Africa is developing so pharmaceuticals will dependably be on high demand. The measure of financing from foreign donors towards drugs is expanding, a great marker for our industry. We additionally observe more outside organizations getting pharma items," says Patel. "Truth be told one region where we see development is in joint endeavors for assembling of top of the line claim to fame products and vaccines."

The parent and flagship company of the Dawa Group is Medisel Kenya Ltd, which over the last 20 years has become one of the top pharmaceutical companies in Kenya with a turnover of nearly Sh2 Billion. It continues to grow by leaps and bounds, now exporting to over half a dozen countries in East and Central Africa – with big markets

existing in Kenya, Uganda, Burundi and Rwanda. The company will be moving into its new headquarters located in Thika, next to Mount Kenya University. The new premises will also house the ultra-modern veterinary plant with warehouses.

The company has over 200 employees with a strong and experienced sales and marketing force that keeps it ahead of its competition on many levels. Medisel has a strong and reputed name in the medical fraternity across East and Central Africa supplying quality drugs and allied hospital disposables and equipment. It is fully committed to quality and has been awarded the Diamond Mark of Quality by Kenya Bureau of Standards for its products including ALUM, which is used for water purification.

With a developing population and clear market demand, Kenyan pharmaceutical maker Dawa Limited has huge desire of growing its range crosswise over 30 nations in Africa throughout the following five years. Dawa is now dynamic in 10, circulating a scope of 140 items for both human and animal consumption. Kenya is one of couple of nations in Africa with a strong pharmaceutical assembling industry. The East African country has more than 30 producers and Dr Ajay Patel, overseeing executive of Dawa, says there is chance to grow territorially.

A portion of the countries Dawa (Swahili for drug) is looking at incorporate Nigeria, Ghana, Madagascar, Angola, Sudan and Ethiopia. The organization has begun trading to Côte d'Ivoire, Togo, Benin and Senegal. "We are concentrating on francophone West Africa where there are couple of players. The degree for Dawa to move into those nations is immense," says Patel.

Components that will drive Dawa's development achievement include going to business sectors where there is practically no local production, and having a high ground in coordination contrasted with other exporters. He clarifies, for example, that Dawa has an advantage in business sectors, for example, Malawi and Zambia where its products land in two weeks contrasted with the four to six weeks it takes to trade from India or China. Adequacy in new markets will likewise be fundamental.

The piece of the overall industry of local industry shown in figure 6 depicts an upper bound. On the off chance that the donor-supported purchases were to be considered, the share of local pharma makers would be generously lower and the piece of the overall industry of imports would be correspondingly higher since all benefactor acquisition is sourced outside Kenya.

In view of interviews with market players, two remarkable perceptions can be made about the relative execution of neighborhood producers in the local market. Firstly, foreign made generics have a larger market share compared to the locally developed medicines regardless of a market observation that some locally improved medications are of value. In the chain of command of market impression of value, the branded "originals" are seen to be of the most elevated quality. Interviews with players in the conveyance chain (merchants, wholesalers, and retailers) show that they (and by their declaration, the consuming public) rate medications created by some nearby pharma makers to be of higher quality than the generics imported from China/India. Some perceive the contrasts between item offerings by various neighborhood makers and importers and acknowledge that some locally developed drugs are additionally of low quality and some imported "marked generics" are surely of high caliber. In any case,

even these market members keep up that the results of the main Kenyan pharma firms are of equivalent, or better, quality than the quality imports.

"There are nations which won't consider much Kenyan items," he says. "The southern part of Africa will at present want to pay progressively and get items from South Africa. In Angola where we attempted and needed to stop, the market is still commanded by South American nations, for example, Brazil. We are currently arranging reentry into Angola, yet with an alternate methodology."

In general summary, Dawa limited has had several milestones through the years as follows:

2004- Dawa limited was acquired by Medisel Kenya limited

2005- The first NDA and MEDS inspection was carried out under the new management.

2006- Started business with Government of Kenya through KEMSA.

2010- Expanded business in various African countries.

2013- Construction of new manufacturing plant (Non-beta lactam ) started.

2014- Installation of user friendly, well-integrated and pro-active system SAP.

Some of the awards Dawa limited have won over the years include, Kenya Top 100 Mid-Sized Companies Award 2011/2012, Healthcare Industry Champion 2010/2011, Kenya Top 100 Mid-Sized Companies Award 2010/2011 – Dawa Limited Ranked 7th out of 100 at 2010/2011 COA and Energy Management Award 2010.

## **4.5 Business Acquisition Strategies**

As the drug manufacturer seeks to penetrate the fertilizer market, Dawa Limited, which is part of the Dawa Group, has expanded its paddle to acquire Kel Chemicals targeting the fast growing chemicals industry. Kel Chemicals, founded in 1977, is the oldest and largest manufacturer both in East and Central Africa of single Superphosphate fertilizer and sulphuric acid, and is intended to enable the conglomerate diversify into the expanding market. The company also manufactures aluminiumsulphate.

In 2004, Medisel (K) Ltd acquired Dawa Limited, as a strategy to grow and enhance company's position in East Africa's pharmaceutical industry. This also enabled Dawa Limited to leverage on the expansive network of its new parent company to widen Dawa's market reach. Today, our products can be found in virtually every African country, thanks to our commercial operations in more than 10 countries in Eastern, Central, and Western Africa.

Although Dawa Limited was at crossroads at the time, it was given a new lease of life by the acquisition and is now one of top three pharmaceutical producing firms in the region with its footprints in over 10 African countries. Under the new management, the company has realized an extraordinary superior growth rate even by international industry standards, of nearly 275% since 2009, mainly achieved through improved operations and an emphatic footprint in the region.

## **4.6 Challenges of Strategy Implementation**

The challenges to strategy implementation at Dawa limited were noted to arise from the nature of the strategy, the organizational structure, cost and risk, employee resistance and management of the organization.

### **4.6.1 Nature of the Strategy**

The nature of the strategy affects the strategy implementation because Dawa limited strategies are largely long term, technical, high finance and strategic alliances oriented. Long term strategies are affected by the unpredictability of the environment. The government policies and requirements in the pharmaceutical sector would change midstream the strategy, hence forcing an adjustment to the strategy.

The behavior of strategic partners especially the financiers is also unpredictable in the long run. The technical nature of the strategies is also a challenge. Pharmaceuticals production requires a high technical intensive in the form of machine outlay and human skills. Dawa limited relies heavily on machinery capital from Britain, China and India whose logistics of importation, installation and commissioning pose a challenge. The machinery was said to require human expertise and skills to operate and maintenance. This challenge was reported to require staff training on specific machine operations which respondents reported that this challenge delayed strategy implementation due to the learning curve of trainees or high cost of foreign experts' engagement.

High financial requirements of the strategy posed a challenge to Dawa limited strategy implementation because the organization was required to make elaborate funding arrangements with strategic financial partners through the ministry of energy and the treasury. The negotiations with strategic financial partners were noted to take

time causing delay in implementation of the strategy on paper. Disbursement of funds once negotiated and allocated was described to be slow as the funders require project evaluation and funds accountability as a condition to releasing the next phase capital. Such evaluations are characterized with compliance disputes which take time to resolve, thereby delaying the strategy implementation strategic alliances were noted to pose a challenge to Dawa limited strategy implementation.

Dawa limited strategy implementation is largely based on strategic alliances. Key strategic partners to Dawa limited in health sector were noted to include:-PPB, KEMSA, KEMRI, PSK and KEL Chemicals. Coordination of the diverse strategic alliance and configuring their system to those of Dawa limited is a major challenge to strategy implementation of Dawa. Conflicts of interest between the strategic partners were described to impact on strategy implementation since in strategic alliance, each partner works to achieve his interests.

#### **4.6.2 Cost and Risk**

In implementation the delays were also described to be associated with cost escalation arising out of exchange rate fluctuation and inflation. The long-term nature of the strategy at Dawa limited are based on pegging of exchange rate and inflation levels at a defined range cost of strategy implementation shall increase where the exchange rate and inflationary rate rise above the projected range. It was noted that Dawa limited relies heavily on imported inputs and is hence affected by international financial dynamics. Cost to the strategies was noted to be confined to the budgets. Effective monitoring and controls were noted to have been strategically placed to confirm compliance.

The peril in the strategy implementation was observed to be operational and physical. The operational risk arises from inherent factors internal to the organization.

Local pharmaceutical corporations in African countries, especially Kenya face competition from two major areas. Firstly, from their peers, and, secondly from imports, often from suppliers of raw materials who also manufacture finished products. Many distributors interviewed were for domestically produced merchandise as compared to imported generics and also the market perception seems to be that foreign generics square measure of lower quality than locally-made medications. However, they are cheaper than domestic merchandise.

When Patel and his business accomplices assumed control of Dawa in 2004, at first possessed by the legislature of Kenya, it had a notable brand, 50 representatives, 30 items and extremely old apparatus. He had spent 10 years running Medisel Kenya, an organization he helped to establish which imports and circulates pharmaceuticals and surgical items. Despite the fact that Medisel had become exponentially Patel says he felt they had "achieved a level". The administration was planning to execute 10% obligation on every single imported great, a move that would have favored neighborhood fabricating. In any case, that strategy was switched overnight leaving the new Dawa group off guard.

Numerous developing business sector economies are progressively presented to the negative impact of maintained lower product costs. This is putting descending weight on government funds and, as an outcome, human services spending plans. We all things considered keep up a positive long haul viewpoint for medication request in developing markets, for example, Kenya, as get to enlarge through the extension of repayment records and more prominent interest in healing centers and facilities.



Feature Expenditure Projections Pharmaceuticals: KES73.34bn (USD746mn) in 2015 to KES83.97bn (USD806mn) in 2016; 14.5% development in nearby coin terms and 8.0% in US dollar terms. Healthcare: KES341.15bn (USD3.47bn) in 2015 to KES377.09 (USD3.62bn) in 2016; 10.5% growth in local currency terms and 4.3% in US dollar terms. Other than battling off shabby imports, Patel and his accomplices had mastery in fund and the medicinal field, yet none in the specialized components of assembling. Getting gifted individuals in this field was testing, and still is. The Good Manufacturing Practice (GMP) norms continued changing henceforth the group needed to make huge interests in enhancing the production line. Advances came at high loan fees.

#### **4.6.3 Management Support**

The management of Dawa Limited was described to give the support to strategy implementation. Respondents indicated that the management is a performance contract and their performance is measured on timely and successful implementation of Dawa limited strategy. As such, they give undivided attention to strategy implementation by ensuring strict compliance to implementation time frames, disbursement and allocation of resources and continuous monitoring. The strategies being national projects were described to be full of individual interests.

#### **4.6.4 Supply Chain Challenges**

Being in the importation business, there were sure boundaries which Dawa limited administration expected to overcome. The boundaries incorporated the supply of value pharmaceuticals to help agencies, non-legislative associations and passage into the territorial market. This was to be overcome by the buy of Dawa Pharmaceutical

Ltd. Consequently the group now could supply quality pharmaceuticals produced in Kenya to all classes of clients.

#### **4.7 Discussion of findings**

The discussion is based on competitive advantage theory. The central basis of long-run accomplishment of a firm is the accomplishment and support of a maintainable upper hand. An upper hand exists when a firm has an item or administration that is seen by its objective market clients as superior to that of its rivals. In summary, a company can combine various strategies to boost its competitive advantage in order to edge out its competitors. In this case, survival is enhanced in turbulent times whenever the strategies are implemented effectively.

Nature of strategy affects strategy implementation as well. Strategies can be technical in nature meaning pharmaceuticals require human skills and machinery. With a combination of these factors, the strategy has to be initiated and implemented well. Cost and risks come in equal measure in terms of inflation and exchange rate fluctuation and this affects strategy implementation. However these challenges can be reduced by introduction of several strategies like business acquisition strategies to put Dawa in a competitive advantage over its competitors, marketing strategies to market relevant in market, growth and expansion strategies to widen its market base. Eventually these factors combined yields competitive advantage.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter presents outline, conclusion and suggestions from the study discoveries.

#### **5.2 Summary of Findings**

Kenyan pharmaceutical enterprises have been compelled to create systems to help them adjust to the nearby and worldwide business environment. The target of this study was to figure out which systems were being used by Dawa limited to react to the competition in the Kenyan pharmaceutical industry and the difficulties included in actualizing them. The non-specific strategies have been conveyance network extension, broadening, acquisition, improvement of internal resources and framework, and cost administration. The study uncovers that the organization had clear techniques to handle competition in the Kenyan pharmaceutical industry. This is exceptionally promising since the embodiment of aggressive methodologies is to help associations to develop and to make manageable upper hands. Among the outstanding "strategies mix" the organization has been utilizing include product offering diversification, branch and local development, relationship promoting, financing, cost management, client-care, advancement, extension and procurement procedures. Because of the fruitful execution of these procedures the organization has recorded a solid development in profitability and resources.

Strategy implementation phase of the strategy process is a complicated phase that calls for a unison working of all organizational departments and efficiency in organizational systems. Crafting of strategy has largely been described as putting the strategy on paper while implementalization is viewed as operationalizing the crafted

strategy. Implementation requires that the organization puts into working all systems and subsystems through unity of direction. Synergy derived through the unified working of the systems is the one which leads to successful implementation of the strategy.

The company has gained varied competitive advantage by application of the various strategic alternatives mentioned above or their mix. Among the dominant strategies observed are financial management, expansion and development of niche markets, mergers and acquisition strategies, development of business infrastructure and expansion strategies.

The study also reveals that the competition in the pharmaceutical industry has increased the level of foreign ownership in the local pharmaceutical industries. Development of such relationships would ensure the customers utilize more Dawa's products and are shielded from competition. Dawa limited has been using its expansive nationwide coverage to compete for businesses requiring such networks. Consolidation through mergers and acquisitions has led to the creation of bigger and more efficient institution in the pharmaceutical industry. On the expansion of the company it has been successful to make several acquisitions to leverage its growth.

### **5.3 Conclusion**

The discoveries of this study demonstrate that Dawa limited has an all-around characterized methodology being utilized to compete in the pharmaceutical business. The study demonstrates that the technique being executed by Dawa limited has helped it to beat its competitors. The administration of Dawa limited has communicated fulfillment with the methodology as it has helped them to develop well so far. Despite

the challenges faced in implementation of the strategies, Dawa has found ways of overcoming the challenges.

#### **5.4 Recommendations for Further Research**

The study recommends that another study needs to be done on strategy communication practices in organizations. The same study can also be done in organizations in other sectors other than the pharmaceutical industry. The role of PPB as a regulator should also be researched to determine its value adding process to the pharmaceutical companies.

#### **5.5 Limitations of the Study**

The research was a contextual analysis that concentrated on strategy usage. The Head of divisions and some of who were the key respondents were at times held up by their busy schedules and delegated the task of responding to the question guide to equally able and informed officers. There was absence of reaction from the organization's official chiefs driving as to turn to secondary data whose validness might be questioned, as it might be have been accounted for outside of any relevant connection to the issue at hand. There was however a lot of cautiousness with the new respondents and withholding of information.

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## APPENDICES

### Appendix I: Introductory Letter

Ronald Ngetich

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Tel No: +254720785250

**Nairobi.**

**To whom it may concern**

Dear Sir/ Madam,

**RE: RESEARCH INTERVIEW**

I am a postgraduate student at The University of Nairobi, Pursuing Master of Business Administration (MBA) with thematic area in Strategic Management. I am conducting a research titled: **“Strategies used by Dawa Limited to compete in the Kenyan Pharmaceutical industry”**.

It is towards this important course that your esteemed organization has been selected to be instrumental in successful completion of the same. I kindly request you to provide the required information to the best of your knowledge by filling out the attached interview guide.

The information is strictly for academic purposes and will be treated in the strictest confidence. A copy of the research project will be made available to you on request.

Your kind assistance will be highly appreciated.

Yours faithfully

Signed

Ronald Ngetich

## **Appendix II: Interview Guide**

The interview guide will seek to achieve the following objectives.

- I. To determine various strategies used by Dawa limited to compete in the Kenyan Pharmaceutical Industry
- II. To determine the challenges aligned with implementing strategies for competitive advantage at Dawa Limited.

### **SECTION A: GENERAL INFORMATION**

1. How many people has your organization employed?
2. Is your organization using any of the following competitive methods to achieve its strategies?
3. What is the title or position of the respondent in the organization?
4. For how long has the organization been in existence?
5. How long have you been with this organization?

### **SECTION B: COLLABORATION AND BUSINESS ACQUISITION STRATEGIES**

1. How has the acquisition of businesses assisted you to compete in the
2. Industry?
3. What was the main incentive for acquiring Kel chemicals limited?
4. How has collaboration enabled the organization achieve its goals?

### **SECTION C: INTERNAL GROWTH STRATEGIES**

1. How many branches do you have in Kenya?
2. Has the expansive branch network been useful in your competition strategy?

3. How many branches do you have outside Kenya?
4. In which other countries are you having a presence?
5. In which other countries do you intend to open branches in the next 2 years?
6. How has diversification enhanced growth in the organization?
7. Has introduction of new products helped you to beat competition?

**SECTION D: CHALLENGES ALIGNED WITH STRATEGY  
IMPLEMENTATION FOR COMPETITIVE ADVANTAGE AT DAWA  
LIMITED**

1. What are the factors affecting implementation of strategy at Dawa limited?
2. How does the nature of the strategy affect its implementation at Dawa limited?
3. Is Does cost and risk pose a challenge to strategy implementation at Dawa limited?
4. Is the management of Dawa limited supportive to strategy implementation?
5. How does supply chain flow pose as a challenge to strategy implementation?

**THANK YOU**