GENERIC COMPETITIVE STRATEGIES AND THE PERFORMANCE OF
PHARMACEUTICAL MANUFACTURING COMPANIES IN NAIROBI CITY
COUNTY, KENYA

ANGELA WAITHIRA NJAAGA

D53/OL/25290/2011

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF
DEGREE IN MASTER OF BUSINESS ADMINISTRATION OF KENYATTA
UNIVERSITY IN STRATEGIC MANAGEMENT

OCTOBER, 2017
DECLARATION

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

................................................................. .................................................................

Angela Waithira Njaaga

Department of Business Administration

I confirm that the work reported in this research project has been done by the candidate under my supervision

................................................................. .................................................................

Dr. Mary Ragui (Ph.D.)

Department of Business Administration

School of Business

Kenyatta University
DEDICATION

This research project is dedicated to my family for their encouragement and emotional support throughout my studies.
ACKNOWLEDGEMENT

I would wish to acknowledge several individuals for their immense support during the course of my studies and in particular during the process of preparing this proposal. Firstly, my gratitude goes to all my lecturers at the School of business who took me through rigorous lecturing sessions in their quest to impart in me core and critical theoretical knowledge, professional skills and above all academic endowment that acted as key building blocks throughout my study.

Secondly, I wish to recognize the invaluable support of and encouragement from my Supervisor. Was it not for her professional guidance, I could have not gotten thus far. Lastly but not least, I’d like to thank my family, for the material, emotional and psychological support they accorded me during my studies.
THE TABLE OF CONTENTS

DECLARATION ............................................................................................................. ii
DEDICATION ............................................................................................................... iii
ACKNOWLEDGEMENT .............................................................................................. iv
LIST OF TABLES .......................................................................................................... viii
LIST OF FIGURES ...................................................................................................... ix
OPERATIONAL DEFINITION OF TERMS .................................................................. x
ABBREVIATIONS AND ACRONYMS ........................................................................ xii
ABSTRACT .................................................................................................................... xiv

CHAPTER ONE: INTRODUCTION ........................................................................... 1

1.1 Background of the Study ...................................................................................... 1
  1.1.1 Generic Competitive Strategies ................................................................. 2
  1.1.2 Kenya’s Pharmaceutical Industry ............................................................... 5
  1.1.3 Organisation Performance ........................................................................ 9

1.2 Statement of the Problem .................................................................................... 11

1.3 Objectives of the Study ...................................................................................... 13
  1.3.1 General Objective ...................................................................................... 13
  1.3.2 Specific Objectives .................................................................................... 13

1.4 Research Questions ............................................................................................ 13

1.5 Significance of the Study .................................................................................... 14

1.6 Scope of the Study .............................................................................................. 15

1.7 Limitations of the Study .................................................................................... 15

1.8 Organization of the Study .................................................................................. 16

CHAPTER TWO: LITERATURE REVIEW .................................................................. 17

2.1 Introduction ........................................................................................................ 17

2.2 Theoretical Literature Review .......................................................................... 17
  2.2.1 Competitive Business Strategy Theory ................................................... 17
  2.2.2 Configuration Theory ............................................................................... 19
4.4 Inferential Statistics ..........................................................53
  4.4.1 Correlation Analysis.......................................................53
  4.4.2 Regression Analysis ........................................................55

CHAPTER FIVE: ..............................................................................60
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ..............60
  5.1 Introduction ........................................................................60
  5.2 Summary of Findings............................................................60
    5.2.1 Cost Leadership Strategy..................................................60
    5.2.2 Differentiation Strategy.....................................................61
    5.2.3 Focus Strategy ................................................................61
    5.2.4 Performance .................................................................62
  5.3 Conclusion ..........................................................................62
  5.4 Recommendation for Policy and Practice ..............................64
  5.5 Recommendation for Further Study ......................................64
REFERENCES ............................................................................66
APPENDICES ............................................................................71
  Appendix I: List of Pharmaceutical Companies in Nairobi ..............71
  Appendix II: The Sampled Pharmaceutical Companies in Nairobi ....72
  Appendix III: Letter of Introduction ............................................73
  Appendix IV: Questionnaire ......................................................74
  Appendix V: Research Permit .....................................................79
LIST OF TABLES

Table 3.1: Target Population .................................................................35
Table 3.2: Sample Size ........................................................................36
Table 3.3: Reliability Analysis ...............................................................39
Table 4.4: Response Rate .....................................................................42
Table 4.5: Gender of the Respondents ..................................................43
Table 4.6: Age of the respondents ........................................................43
Table 4.7: Highest Level of Education Qualification .............................44
Table 4.8: Period of Working in the Organisation .................................45
Table 4.9: The Cost Leadership Strategies Employed by Organization ...46
Table 4.10: Differentiation Strategies Employed by Organization ........48
Table 4.11: Focus Strategy .................................................................50
Table 4.12: Performance ....................................................................51
Table 4.13: Correlation Analysis ...........................................................53
Table 4.14: Regression Analysis Model Summary ...............................55
Table 4.15: Analysis of Variance Table ...............................................56
Table 4.16: Coefficients Table .............................................................58
LIST OF FIGURES

Figure 2.1: Conceptual Framework...........................................................................................................32
OPERATIONAL DEFINITION OF TERMS

Competitive Strategies: This showed how an organisation had a competitive advantage across its chosen market scope to enhance its performance by outdoing its competitors.

Competitive Advantage: This was the position that a firm occupies in its competitive landscape and it existed where a firm had an advantage over its competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

Cost Leadership Strategy: This was the strategies used by the organisations in the study to create a low cost of operation within its niche. The use of this strategy had primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry.

Differentiation Strategy: This was the place a firm expected to make uniqueness by plainly recognizing the association merchandise and enterprises from those of its rivals. The associations went for creating and advertising remarkable items for various client fragments.

Focus Strategy: This was the place a firm expected to make uniqueness by plainly recognizing the association merchandise and enterprises from those of its rivals. The associations went
for creating and advertising remarkable items for various client fragments.

**Organizational performance**: This is where the organization was able to meet the needs of its stakeholders and its own needs for survival through providing quality products.

**Pharmaceutical Industry**: This is the industry that was involved in the manufacturing and production of drugs or pharmaceuticals for use as medications.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
</tr>
<tr>
<td>BMS</td>
<td>Book My Show</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
</tr>
<tr>
<td>CEOs</td>
<td>Chief Executive Officers</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>CV</td>
<td>Content Validity</td>
</tr>
<tr>
<td>EPZA</td>
<td>Export Processing Zone Authority</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>GSK</td>
<td>GlaxoSmithKline</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>ICD</td>
<td>International Classification of Diseases</td>
</tr>
<tr>
<td>JSB</td>
<td>John Seely Brown</td>
</tr>
<tr>
<td>KAM</td>
<td>Kenya Association of Manufacturers</td>
</tr>
<tr>
<td>KEMSA</td>
<td>Kenya Medical Suppliers Agency</td>
</tr>
<tr>
<td>KMA</td>
<td>Kenya Association of Manufacturers</td>
</tr>
<tr>
<td>MNCs</td>
<td>Multi-National-Corporations</td>
</tr>
<tr>
<td>OTC</td>
<td>Over The-Counter</td>
</tr>
<tr>
<td>PIMS</td>
<td>Product Impact Market Studies</td>
</tr>
<tr>
<td>PPB</td>
<td>Pharmacy and Poison’s Board</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>RBV</td>
<td>Resource-based View Theory</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
</tr>
<tr>
<td>UMTS</td>
<td>Universal Mobile Telecommunication Services</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
</tr>
</tbody>
</table>
Pharmaceutical firms are vulnerable to changes in their operating environment in many ways and these have great consequences on their operation. As a result of this vulnerability manufacturing firms are required to be proactive and able to formulate and adopt appropriate competitive strategies that will enable them to overcome the competitive challenges they experience in the environment they operate in. This study sought to determine generic competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi City County, Kenya. The specific objectives were to determine the effect of cost leadership strategy, differentiation strategy and focus strategy on the performance of pharmaceutical companies in Nairobi City County, Kenya. A descriptive research design was adopted in this study since it allows for analysis of different variables at the same time. The target population of the study was the 20 pharmaceutical companies in Nairobi City County where 60 respondents comprising the chief executive officers (CEOs), operating managers and marketing managers were targeted. The study used stratified simple random sampling technique where 36 respondents were targeted. The study used closed ended questionnaires as instruments for data collection primary data. Descriptive statistics was used to analyze the primary data of quantitative nature. The results of the analysis was organized, summarized and presented using tables. Inferential statistics such as Pearson correlation and multiple regression were applied to make conclusions. The study targeted a sample size of 36 respondents from which 34 filled in and returned the questionnaires making a response rate of 94.4%. The study concluded that cost leadership affects performance of pharmaceutical companies. It was concluded that differentiation affect performance of pharmaceutical companies and the study also concluded that focus strategy affected performance of pharmaceutical companies. This study recommends that pharmaceutical companies should embrace and invest in cost leadership strategies most especially forming linkages with suppliers and involvement of the stakeholders since it will enable them achieve competitive advantage. The study further recommends that pharmaceutical companies should invest more in differentiating their personnel through continuous training, products and services in order to make them unique and innovative. The study recommends that pharmaceutical companies should know on what basis to focus their products, services and operations.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizational performance is characterized as the capacity of an association to satisfy its central goal through sound administration, solid administration and constant rededication to accomplishing comes about. Reliably relating the activities of the relationship to its execution is fundamental to a key perspective. Execution is a far reaching thought with various signs, made altogether more flighty by operations in different markets with varying degrees of overall coordination. Describing and measuring the various parts of execution for overall affiliations, and working up their cutoff focuses, are steady and propelling troubles. Key execution must consider the risks and vulnerabilities related with most exercises, considerations that again are more snared in the overall condition.

Lusch and Laczniak (2009) portray business execution as the total money related eventual outcomes of the activities endeavored by an affiliation. Walker and Ruekert (2011) found basic estimations of business execution could be gathered into the three arrangements of ampleness, profitability, and adaptability. In any case, there is little assent as to which gage is perfect. In this way, any connection of business execution with simply these three estimations incorporate liberal trade offs in light of the fact that incredible execution on one estimation as often as possible infers surrendering execution from one firm to another (Donaldson, 1984).

In many circumstances it is unreasonable or difficult to get to target measures of authoritative execution. Regardless of the possibility that such measures were accessible it would not ensure the precision of the execution estimations. For instance, when an
example contains an assortment of ventures, execution estimations and examinations can be especially risky. What is viewed as magnificent execution in one industry might be viewed as poor execution in another industry. In the event that restrain scientists to a solitary industry, the execution measures might be more significant, yet the generalizability of the discoveries to different businesses is tricky.

Pearce and Robinson (2013) include three money related objectives, which describe an association's execution guided by key course. These targets are survival in the market, improvement and profit. An affiliation's advancement is appended inexplicitly to its survival and profitability. Survival suggests a whole deal system to remain in business and inability to do in that capacity mean the association isn't prepared for satisfying the accomplice's focuses.. In spite of the fact that item affect showcase examines (PIMS) have demonstrated that development in the piece of the overall industry is corresponded with productivity, other essential types of development do exist. Development in the quantity of business sectors served, in the assortment of items offered, in the advancements that are utilized to give products or administrations as often as possible prompts enhancements' in an association's aggressive capacity.

1.1.1 Generic Competitive Strategies

A strategy is the outcome of some form of planning or organized process for anticipating and acting in the future in order to carry out an organization’s mission (Baulcomb, 2013). The people who drive strategy in organizations are seen to be visionaries, entrepreneurs and innovators. They are those who take risks and try new ways of doing things. Strategy primarily specifies how a business unit will achieve and maintain competitive advantage within an industry (Bunker & Wakefield, 2011).
As per Porter (2008) competitive strategy alludes to how a firm means to contend in a given business. Further, Porter (2008) battles that competitive strategy is an arrangement that builds up a beneficial and feasible focused position against the five powers that drive industry rivalry: danger of new participants, dealing energy of providers, bartering energy of purchasers, contention among contenders and risk of new substitutes. It is worried about how an organization can pick up an upper hand through an unmistakable and diverse method for contending (Porter, 2008).

Thompson and Strickland (2008) posit that competitive strategy deals with management’s plans for competing in a particular industry and providing superior and unmatched value to customers. Further, they argue that competitive strategy entails performing activities differently or performing activities that are different from competitors to deliver a unique combination of value. The primary role therefore for developing a competitive strategy is to cope with the competition and relate a firm to its external and internal environment. In other words, competitive strategy entails positioning an organization in its competitive environment and giving a firm a competitive edge over its rivals (Porter, 2008).

It is the obligation of the administration of any company to accomplish its upper hand role through advancing interior assets or resources while at the same time catching outer doors and dodging outside dangers that may affect its effectiveness. This needs the advancement of a structure, destinations, mission and an operational arrangement. Perceiving the route in which inside created hierarchical qualities collaborate with the outer focused condition is center to effectively executing a given methodology along these lines making the coveted productivity for an association. With both the inner
esteem chain and outer condition as a top priority, top administration can determine an arrangement of key rule that inside use qualities while remotely catching chances to make benefits and points of interest over the rivalries (Ormanidhi and Stringa, 2008).

While various types of organizational strategies aimed at facing competition and creating value have been identified over the years, Porter's generic strategies remain the most commonly supported and identified in key strategic management textbooks. The Kenyan pharmaceutical companies’ application of Porter’s generic competitive strategies is thus of interest to the research. As showed by Porter (2008) centered method insinuates how a firm intends to fight in a given business. Further, Porter (2008) fights that engaged framework is a plan that sets up a productive and viable forceful position against the five powers that drive industry competition: threat of new members, trading vitality of suppliers, managing vitality of buyers, conflict among contenders and danger of new substitutes. It is worried about how an organization can pick up an upper hand through a particular and distinctive method for contending (Porter, 2008).

Thompson and Strickland (2008) set that focused technique manages administration 's gets ready for contending in a specific industry and giving better and unmatched incentive than clients. Further, they contend that focused methodology involves performing exercises contrastingly or performing exercises that are not quite the same as contenders to convey an exceptional mix of significant worth. The essential part along these lines for building up a focused methodology is to adapt to the opposition and relate a firm to its outside and inside condition. As it were, aggressive technique involves situating an association in its focused condition and giving a firm a focused edge over its opponents (Porter, 2008).
It is the obligation of the administration of any association to accomplish upper hand through streamlining inward assets while catching outside circumstances and maintaining a strategic distance from outer dangers. This needs the improvement of a structure, goals, mission and an operational arrangement. Perceiving the path in which inside created authoritative properties cooperate with the outer focused condition is center to effectively executing a given procedure in this way making the coveted productivity for an association. With both the inward esteem chain and outer condition as a main priority, top administration can infer an arrangement of key rule that inside use qualities while remotely catching chances to make benefits and favorable circumstances over the rivalries (Ormanidhi and Stringa, 2008).

While different sorts of authoritative systems went for confronting rivalry and making esteem have been distinguished throughout the years, Porter's non-specific methodologies remain the most regularly upheld and recognized in key administration course readings. The Kenyan pharmaceutical organizations use of Porter's nonexclusive aggressive techniques is in this way important to the examination.

1.1.2 Kenya’s Pharmaceutical Industry

As per an examination report by the Exports Processing Zones Authority (2005), the pharmaceutical business comprises of three fragments specifically the producers, merchants and retailers. All these assume a noteworthy part in supporting the nation's wellbeing area, which is assessed to have around 4,557 wellbeing offices countrywide. Kenya is as of now the biggest maker of pharmaceutical items in (COMESA), providing around half of the areas' market. Out of the district's assessed of 50 perceived pharmaceutical organizations; an extensive number are situated in Kenya. It is
approximated that around 9,000 pharmaceutical items have been enlisted available to be purchased in Kenya. These are sorted by specific levels of outlet as finished the counter, drug store technologist superfluous, or drug specialist unimportant/solution as it were.

As indicated by the service of pharmaceutical administrations (2010) in 2008, the pharmaceutical business contributed around 2 % of Manufacturing Value Added in the Kenyan economy, or 0.2 % of Gross Domestic Product. It utilized 3,389 people. At current levels, if the business used full limit and initiated two movements for each day, this would support wage work in the area by more than 30%. There are 42 organizations recorded as pharmaceutical organizations in Kenya. Together, these organizations constitute an essential pharmaceutical assembling focus in the area. Nearby organizations are described by regular product offerings, low limit use, deficiency of qualified work force, creation wasteful aspects and absence of bio-identicalness thinks about because of budgetary imperatives.

The pharmaceutical segment concerns incorporate nearby assembling organizations and firms, huge multinational partnerships, auxiliaries or shared endeavors. Most are situated inside Nairobi and its environs. These organizations by and large utilize more than 2,000 individuals, around 65% of who work in coordinate generation. The business mixes and bundles medications, repacking detailed medications and preparing mass medications into measurements utilizing dominantly foreign made dynamic fixings and excipients. The main part of privately fabricated arrangements are non-clean, finished the-counter (OTC) items. The quantity of organizations occupied with assembling and appropriation of pharmaceutical items in Kenya keeps on extending, motivated by the Government's activities to advance neighborhood and outside interest in the segment (EPZA, 2005).
At the conveyance level in Kenya's pharmaceutical esteem chain is the Kenya Medical Suppliers Agency (KEMSA). KEMSA is a division of the Ministry of Health and to a great extent completes the dissemination of pharmaceutical items in Kenya. It conveys medications to government general wellbeing offices and private wellbeing offices. KEMSA has been a self-sufficient body since first July 2003. Its arrangement is to make accessible basic medications and gear principally however not only, to open offices (EPZA, 2005).

As per Olwande (2012) the pharmaceutical business in Kenya is expanding and in the next 20 years it is expected that the innovative work of medications, gadgets and immunizations required for Kenya and the other East African nations will be done in East Africa. Kenya's exports of pharmaceuticals extended by 96% per cent between 2004-2008, ascending from US$ 30.3 million to US$ 59.4 million, disregarding the financial log jam in 2008. This speaks to a Compound Annual Growth Rate (CAGR) of 18.3 for each penny over the period. About portion of Kenya's fares of pharmaceutical items are to the United Republic of Tanzania and Uganda. Request has been growing in these two nations however they purchase in generally little volumes. China and Indian providers speak to the primary rivalry in nonspecific medications. Neighboring (southern) Sudan is developing as another vital market and there might be impressive extension in future for deals to Somalia.

Local pharmaceutical organizations in Kenya confront rivalry on two fronts: among each other and all things considered from imports. Various components have added to the
surge of imported pharmaceuticals, huge numbers of which are substandard, into Kenya, including: remote medications being anything but difficult to enroll with the Pharmacy and Poison's Board (PPB); diminishment of pharmaceutical import taxes to zero; the absence of limit by the PPB to screen the status of outside pharmaceutical industrial facilities delivering drugs for import into Kenya; the sporadic quality testing of approaching imported medications; and punishments on merchants of substandard medications being too low. In the meantime, nearby pharmaceutical makers are distraught on various fronts. The majority of them need World Health Organization pre-capability which prohibits them from benefactor subsidized acquisition. Also, since many are little firms, they don't have the ability to take an interest in vast volume tenders. Neighborhood firms likewise confront extreme value rivalry from imports and money related strain from deferred repayments from the legislature of obligations and Value Added Tax effectively paid (UNIDO, 2010).

A Business Monitoring International (2014) report gives a visualization of likely improvements and gauge of the extent of Kenya's pharmaceutical industry. The report demonstrates that the rising non-transmittable ailment weight will support interest for physician endorsed medications to treat unending illnesses in Kenya. Nonetheless, tranquilize creators are probably not going to utilize their created state plans of action to advertise prescriptions in a nation that has generally centered around the treatment of irresistible infections, for example, jungle fever, tuberculosis and HIV. Other than challenges identified with conclusion, care and treatment, there is an absence of comprehension and learning about sicknesses, for example, diabetes and malignancy among human services experts and the overall public, and a recognition that these
maladies are not as basic as others influencing the nation. Moreover, restricted
government commitment to human services and low moderateness levels make the need
to build up organized channels through which organizations can help the utilization of
their items especially as in a developing business sector like Kenya, the interest for
pharmaceuticals isn't equivalent to the take-up of solutions. The market for drugs in 2014
was assessed at Ksh 64 billion, which was a 15% development from Ksh 55 billion out of
2013.

1.1.3 Organisation Performance
As per Robbins and Coulter seventh release, execution is the final product of a
movement. He additionally characterizes authoritative execution as the amassed final
products of the considerable number of associations' work procedures and exercises.
Authoritative execution is portrayed as the degree to which the association can address
the issues of its partners and its own particular requirements for survival (Griffin, 2003).
As indicated by Swanson (2000), hierarchical execution is the esteemed profitable yield
of a framework as products or administrations. Authoritative execution can be subdivided
into three classifications: money related execution (benefit), inner non-monetary
execution (efficiency) and outer non-budgetary execution (consumer loyalty). Private part
associations make progress toward great money related outcomes though open
associations are gone for non-budgetary points like conveying great open administrations
to natives.

One way to deal with evaluate various leveled execution is through seat checking.
Associations are experiencing all the more firmly spending designs, longer arrangements
cycles, and declining salaries. A consideration on decreasing costs and improving
efficiencies and reasonability all through the affiliation may give an improvement way, if not survival. Hence, key exercises, for instance, benchmarking are on the rising, giving business authorities noteworthy information that will empower them to remain at the cutting edge of their industry. Benchmarking gives the quantitative strategy by which organizations measure useful upgrades, operational efficiencies, and cost lessening openings. It fills in as a target gauge utilized by business administrators to settle on educated business choices, create technique, make activities, and additionally enhance business procedures and frameworks. Benchmarking can likewise help distinguish where holes or wasteful aspects exist and give understanding to enhancing that procedure (Sweeney, 1994).

Hierarchical execution can likewise be utilized to see how a venture is getting along as far as level of benefit, piece of the overall industry and item quality in connection to different undertakings in a similar industry. Thusly, it is an impression of efficiency of individuals from an endeavor measured as far as income, benefit, development, advancement and extension of the association. Various leveled execution consolidates various activities that help with setting up the destinations of the affiliation, and screen the progress towards the goal (Johnson et al., 2006). It is used to roll out improvements as per complete destinations more beneficially and effectively. For any business to be successful, limits must be described and wrapped up. It is fundamental for a relationship to make systems that are laid out around the aptitudes that would redesign the execution of the affiliation.

To accomplish execution through representatives, the association must consider them as resource and must be treated with consideration so the workers end up plainly gainful.
There are various markers by which organization execution might be judged. The adjusted scorecard offers both subjective and quantitative measures that recognize the desires of various partners and related evaluation of execution in the decision of a technique. Along these lines execution is connected both to here and now yields and process administration (Johnson et al., 2006). Because of the acknowledgment that individuals are the most profitable resources in an association, the significance of execution administration has been pushed to the fore (Bartlett and Ghoshal, 2005).

1.2 Statement of the Problem

Company performance is a function of combination of factors, the environment in which companies operate has been marred with various types of turbulence which has been observed in macro environment factors. Since many markets are practically immersed, organizations are compelled to look for and misuse new open doors and these open doors are frequently found in creating economies (Vogel, 2012). Pharmaceutical firms are vulnerable to changes in their operating environment in many ways and these have great consequences on their operation. As a result of this vulnerability manufacturing firms are required to be proactive and able to formulate and adopt appropriate competitive strategies that will enable them to overcome the competitive challenges leading to increased performance. Pharmaceutical firms that do not have appropriate strategies cannot exploit the opportunity available in the market and will automatically fail (Auh & Menguc, 2015).

The global as well as local pharmaceutical industry continues to undergo transformation with change being the constant (Vogel, 2012). At a global level intense globalization, increased competitiveness and the fight for global market share has continued to create
new challenges for pharmaceutical companies (Hambrick, 2013). The linkages between competitive methods; cost leadership, differentiation and focused generic strategies, and resulting firm performance have been explored in the literature (Hambrick, 2013). However, the results have not conclusively established that performance is enhanced by following one of these generic strategy types.

Locally, the setting up shop of more pharmaceutical companies, importation of generic drugs and the implementation of the East African Community Common markets protocol have significantly altered the competitive landscape (Dodgson, 2008). The market for pharmaceutical items in Kenya is evaluated at KShs 8 billion for each annum Kenya is presently the biggest maker of pharmaceutical items in the Common Market for Eastern and Southern Africa (COMESA) district, providing around half of the areas' market (GOK, 2014).

Studies related to performance of pharmaceutical manufacturing companies in Kenya have been undertaken. Olwande (2012) did an examination on the use of porter’s generic business methodologies and execution of pharmaceutical wholesalers in Kenya and built up that separation system and center procedure were the principle techniques utilized by Multinational pharmaceutical firms in Kenya. Munyasia (2014) did an examination on impact of aggressive methodologies on hierarchical execution in the sugar business in Kenya and built up that that apply separation technique can make a specialty for themselves in the market and even make client devotion. None of the above studies established whether the performance of the manufacturing pharmaceutical companies was as a result of generic competitive strategies. The current study therefore sought to
address this knowledge gap by focusing on the generic competitive strategies and the performance of manufacturing pharmaceutical companies in Nairobi County.

1.3 Objectives of the Study

1.3.1 General Objective

To investigate the relationship between generic competitive strategies and performance of manufacturing pharmaceutical companies in Nairobi City County, Kenya.

1.3.2 Specific Objectives

In addressing the specific objectives, the study sought to;

i. To establish the effect of cost leadership strategies on performance of pharmaceutical companies in Nairobi City County, Kenya.

ii. To examine the effect of differentiation strategies on performance of pharmaceutical companies in Nairobi City County, Kenya.

iii. To assess the effect of focus strategies on the performance of pharmaceutical companies in Nairobi City County, Kenya.

1.4 Research Questions

In undertaking the study, the study asked the following questions:

i. How does cost leadership strategies affect performance of pharmaceutical companies in Nairobi City County, Kenya?

ii. How does differentiation strategies affect the performance of pharmaceutical companies in Nairobi City County, Kenya?

iii. How does focus strategies affect the performance of pharmaceutical companies in Nairobi City County, Kenya?
1.5 Significance of the Study

Management of Pharmaceutical Companies

In light of the outcomes, the administration of pharmaceutical organizations will get data on the utilization of Porter's nonspecific focused methodologies and execution of pharmaceutical organizations consequently build up the suitable intercession procedures to enhance general execution.

Management of Pharmaceutical Companies in Other Counties

Other counties will benefit from the results in Nairobi County as they will use the managerial practices employed by the managers in the pharmaceuticals industry in Nairobi as a reference point that counties’ pharmaceutical firms can adopt in order to remain competitive in a dynamic and competitive business environment and hence improve their performance.
Scholars

The results of the studies are of significance to researchers and students undertaking research in Porter’s generic competitive strategies and their impact on performance of organizations. The research findings will provide a basis for further research in this critical area which is vital for survival of firms in the face of a constantly changing operating environment.

1.6 Scope of the Study

The study was limited to pharmaceutical companies located in Nairobi County. The study was also limited to the year 2016 and focus was on senior managers, marketing managers and operations managers in the pharmaceutical companies in Nairobi County.

1.7 Limitations of the Study

In seeking to examine Porter’s generic competitive strategies and performance of pharmaceutical companies in Nairobi, the researcher encountered several stumbling blocks. Key among them included: that fact that researcher is a part-time student having to balance his time between work and studies. Additionally, some of the respondents failed to fill the questionnaires fully hence affecting the research findings. The exercise was also expected to be financially costly in terms of transport expenses, communication expenses, printing of questionnaires and the hiring of research assistants to aid in data collection.

To counter the limitations, the study hired a research assistant to aid in the data collection and entry and also take leave from work to undertake the research. Moreover, the study
also assured respondents on the confidentiality of information collected to gain their confidence in order to obtain full responses from them.

1.8 Organization of the Study

This thesis includes the preparatory part and five sections. The preparatory section comprise dedication, declaration, abstract, acknowledgement, table of content, list of tables, list of figures, abbreviations and acronyms and definition of terms. Chapter one exhibits the foundation of the investigation, proclamation of the issue, objectives of the study, exploring research questions, importance of the examination, scope and limitation. Part two involves the theoretical review, empirical review, conceptual framework, summary of the literature and research gaps. Section three contains the approach which shows the examination configuration, target population, sampling technique, validity of the instrument, data collection instrument, data collection procedure, reliability of the instrument, validity, reliability, data analysis and ethical considerations. Part four contains data analysis and interpretation while section five presents the summary, conclusion, recommendations and suggestion for further research.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented the review of literature on generic competitive strategies and performance of manufacturing pharmaceutical companies. The chapter began with the review of theories on which the study variables were anchored. The chapter also presented empirical studies, the critique of existing literature, research gaps were also identified and then the conceptual framework.

2.2 Theoretical Literature Review

2.2.1 Competitive Business Strategy Theory

Competitive Business Strategy theory was established by Michael Porter in 1980. Watchman expresses that technique target either cost authority, separation or center and that a firm should just pick one of the three methodologies or hazard misuse of valuable assets. As represented by Lu, Shem and Yam (2008) Porter's hypothesis is valuable in understanding the forcefulness of association proposing that high ground begins from the connected with strategies got the chance to supervise quality, insufficiencies, openings and risks facing an alliance. Anupkuma (2005) states that Porter's (1980) principal hypothesis surmises that to win in business a firm needs to get a handle on nonexclusive intense frameworks including cost master, parcel and focus interest.

An association's relative position inside its industry picks if an association's gainfulness is above or underneath the business run of the mill. The major start of better than anything expected benefit over the long haul is convenient high ground. There are two fundamental sorts of high ground a firm can have: irrelevant effort or division. The two fundamental sorts of high ground joined with the level of exercises for which a firm
wants to accomplish them, prompts three nonexclusive techniques for completing better than anything expected execution in an industry: cost action, segment, and focus interest. The concentration logic has two assortments, cost center and parcel center (Porter, 1985).

As associated by Porter (1985) in non-particular strategy of focus, a firm embarks to twist up certainly the immaterial effort maker in its industry. The wellsprings of cost advantage are shifted and rely on the structure of the business. They may combine the trip for economies of scale, restrictive progression, remarkable access to foul materials and unmistakable segments. An irrelevant effort maker must discover and attempt all wellsprings of cost advantage. In the event that a firm can complete and administer general cost association, by then it will be a predominant than foreseen entertainer in its industry, in case it can mastermind costs at or close to the business conventional. In a segment method, a firm tries to be brilliant in its industry along several estimations that are broadly respected by purchasers. It picks no short of what one qualities that different purchasers in an industry see as essential, and astoundingly positions itself to address those issues.

Besides, Porter (1985) announces that the dull procedure of focus lays on the decision of a compelled focused degree inside an industry. The maker picks a section or collecting of pieces in the business and tailors its procedure to serving them to the avoiding of others. This system has two assortments, to be specific; gotten center and separation center. In cost center, a firm scan for a cost advantage in its objective piece, while in separation center a firm looks for segment in its objective zone. The two assortments of the thought technique lay on contrasts between a maker's objective parcel and particular territories in the business. The objective parts should either have purchasers with marvelous needs or
else the age and transport framework that best serves the objective range must separation from that of other industry segments. Cost center endeavors separates in cost coordinate in a few ranges, while division center endeavors the exceptional needs of purchasers specifically sections.

2.2.2 Configuration Theory

Henry Mintzberg was an author of Configuration theory and offered the broadened setup speculation, which expresses that, "successful organizing requires a consistency among the outline parameters and the possibility factors." Configuration hypothesis created from, and extended the principles of, possibility hypothesis (Mintzberg, 2012). Like possibility hypothesis, setup hypothesis accentuates the need of fit, however it is more comprehensive in that "instead of attempting to clarify how arrange is planned into the parts of an association it clarifies how arrange rises up out of the cooperation of those parts in general." This examination depended intensely on this introduce and the recommendations of Mintzberg's hypothesis. While the earth is vital, it speaks to just a single of a few possibility factors that influence an association's arrangement. Other possibility factors incorporate the age and size of the association, its specialized framework, the experience, information and polished methodology of its kin, the power connections inside the association, and in addition its objectives and procedures (Mintzberg, 2012).

The design school which see technique detailing as a change procedure was created in the 70s (Chandler and Hanks, 1994). The idea of setup hypothesis hypothesizes that the execution of an association relies upon the attack of condition and hierarchical outline. The fundamental suspicion behind the hypothesis is that as well as can be expected be
accomplished when association structure matches outer possibility factor. Just those associations that adjust their operation to the present condition accomplish greatest yield. The general model understood in arrangement hypothesis expect that for associations to be powerful there must be a fitting fit between structure, system and ecological setting (Fincham and Rhodes, 2005).

In the context of this study, configuration theory brings out the link between generic competitive strategies and the competitive intensity as an aspect of external environmental which may influence manufacturing firms in Kenya on the choice of competitive strategies based on the changes in the environment as well as the basis of explaining the necessity to have a fit between competitive strategies, competitive intensity and firm performance. However, manufacturing firms in Kenya seem to adopt competitive strategies without due consideration to the environmental factor hence realizing negative effect on their performance (Atikiya, 2015).

2.2.3 Resource-based View Theory

Started in the mid-1980s by Wernerfelt (1984), Rumelt (1984) and Barney (1986), the resource-based view (RBV) has since turned out to be one of the overwhelming contemporary ways to deal with the examination of maintained upper hand. The accentuation on this school of thought was on the significance of assets and its suggestion for the firm execution. This hypothesis essentially accentuates the possibility that an association must be viewed as a heap of assets and abilities to make esteem and subsequently increase upper hand (Barney, 1991). The asset based view additionally sets that organizations can accomplish general intensity and execution on the off chance that they have substantial or impalpable assets that are profitable, uncommon, incomparable
and non-substitutable. These four attributes of assets depict what Barley (2007) considers vital resources that, if appropriately prepared form and maintain a company's upper hand and enhance its execution.

Be that as it may, assets and abilities are not significant all alone and are basically inefficient in disconnection Newbert (2008). All things considered, Newbert battles that the way to accomplishing an upper hand is by misuse of an important asset capacity blend. This view is additionally upheld by Bitar and Hafsi (2007), who opine that assets and capacities are wellsprings of upper hand, however they don't really add to upper hand. As indicated by Grant, Resource-based View Theory joins aggressive systems and abilities to esteem creation. He sets that not exclusively do abilities should be considered as the base to create focused system however they additionally should be restored and kept up by strategist. Henceforth RBV is critical to comprehend esteem may originate from vital arrangement of assets and focused systems. In building up their focused techniques the assembling firms in Kenya may focus on the assets existing inside the firm in order to have the capacity to make an incentive for its clients (Grant, 1991).

Be that as it may, notwithstanding the expanded writing committed to utilization of RBV. The hypothesis has its own commentators. As indicated by Hedman and Kalling (2003) this hypothesis is condemned for dismissing the snags to elements and administrations. Chan, Shaffer and Snape (2004) comparably condemns the hypothesis for its certain supposition of static balance yet upper hands come from creating current abilities that are profoundly viable in reacting to the hierarchical condition. For firms to accomplish upper hand in this focused condition, they have to offer some benefit to clients. This esteem can be gotten from either taken a toll favorable position, benefit or separated items. Asset
based hypothesis subsequently, concentrates on the connection between a company's inward asset dependability and the capacity to remain focused through its system definition. resource-based view (RBV) has additionally been reached out by Grant (1991) to envelop aggressive system.

2.3 Empirical Review

2.3.1 Cost Leadership Strategies and Performance

As demonstrated by doorman (2008), the explanation behind cost leadership strategy is the association's simplicity things offers in an industry. Cost activity system occurs through association, intrigue in progress workplaces, assurance and mindful keeping an eye on the total working costs through undertakings, for instance, diminishing the size and quality organization. The cost organization procedure requires the offer of a standard or simple thing, joined with "commanding evaluating". Insignificant exertion concerning contenders is the point experiencing the entire general cost specialist procedure and the objective is doubtlessly broad industry cost activity. Accomplishing cost organization ordinarily requires mighty advancement of profitable scale workplaces and enthusiastic mission for cost diminishes through seeing, tight cost and overhead control, avoidance of insignificant customer records, and cost minimization in ranges like R&D, advantage, bargains control and advancing. When attempting to fulfill a general cost organization position, insignificant exertion concerning contenders is the subject experiencing the entire technique (Kiechel, 2010).

To see how general cost administration methodology may produce predominant productivity, it is important to distinguish the advantages of a minimal effort position.
Valipour et al (2012) proclaim that a straightforwardness position gives a firm an obstruction against dispute from contenders, since its lower costs infer that it can even now secure returns after its adversaries have battled away their advantages through rivalry. A negligible exertion position shields the firm against successful buyers since buyers can apply control just to drive down expenses to the level of the accompanying most gainful contender. Negligible exertion gives a security against exceptional suppliers by giving more noteworthy flexibility to adjust to enter cost increases. The components that provoke an insignificant exertion position for the most part also give noteworthy area blocks similarly as scale economies or cost inclinations.

A little effort position generally places the firm in an ideal position in respect to its rivals in the business. Since scale economies and cost preferences have a tendency to shield a firm against capable purchasers and providers and give considerable section hindrances, accomplishing a low general cost position regularly requires a high relative piece of the pie. At the end of the day, cost favorable circumstances can make an incentive for a firm by decreasing the five dangers of passage, competition, substitutes, providers and purchasers. Accomplishing little general cost leadership frequently requires high relative piece of the overall industry or different focal points, for example, good access to crude materials (Porter, 2008; Hunt, 2000; Kiechel, 2010).

A basic requirement for cost leadership strategy is colossal capital interest in best in class gear. With a specific end goal to keep up cost initiative a firm ought to in this manner purchase the biggest, most current plant in the business. With such high stakes just the most gutsy can play. For instance, in fundamental modern items, for example, mash, paper, and steel, expelling a couple of rate focuses off generation costs has significantly
more key effect than every one of the weapons the advertiser could utilize in these enterprises (Kim, Nam and Stimpert, 2004). The piece of the overall industry pioneer can underprice rivalry in light of its lower costs because of its total involvement, along these lines additionally hurrying its drive down the bend.

Keeping in mind the end goal to actualize a cost authority procedure requires particular idea to the progressive structure, organization controls, compensation methodologies, and executing cost activity strategies. The definitive strategies and execution mechanical assemblies should fit and in addition invigorate the strategy. Porter (2008) has disengaged necessities of general cost organization strategy into "commonly required aptitudes and resources" and "ordinary definitive essentials". Routinely required aptitudes and resources while realizing general cost expert are overseen capital wander and access to capital, process building capacities, phenomenal supervision of work, things planned for ease in make, and simplicity allocation structures. Normal authoritative prerequisites constitute of tight cost control, visit, nitty gritty control reports, organized association and duties, and motivations in light of meeting strict quantitative targets.

2.3.2 Product Differentiation Strategies and Performance

Differentiation calls for a product or service that is seen to be industry-wide as as being one of a kind. Porter (2008) declares that in a division system, a firm tries to be novel in its industry along two or three estimations that are broadly respected by purchasers. It picks no short of what one attributes that different purchasers in an industry see as goal and abnormally positions itself to address those issues. It is made up for its uniqueness with an overwhelming expense. A remarkable case of this procedure is Mercedes. In what they call a wide separation technique, Thompson and Strickland (2008) exhibit a
perspective of separation that is much more comprehensive, since they don't influence a refinement between the top notch value quality to portion.

Cost leadership and differentiation are the two basic insipid strategies that offer a comparatively productive approach to beating the restriction. Richard and Marilyn (2006) express that detachment approaches are more beneficial than cost organization procedures, since bit of the pie pioneers tend to battle more on the introduce of partition than negligible exertion. Hun (2000) pronounces that high-performing associations in different endeavors tend to be arranged more to customer regard than to the cost "side of the advantage condition." Such associations tend to be driven more by close to the-customer attributes than by either development or cost.

Accomplishing differentiation may here and there block picking up a high piece of the pie. It regularly requires an impression of selectiveness, which is in congruent with high market share. It is troublesome, however not feasible, to be both lower-cost and separated in respect to rivalry. Accomplishing both is troublesome in light of the fact that giving novel execution, quality, or administration is characteristically more expensive, in many examples, to looking for just to be practically identical to contenders on such traits. It is troublesome, however not feasible, to be both lower-cost and separated with respect to rivalry. Accomplishing both is troublesome on the grounds that giving one of a kind execution, quality, or administration is inalienably more exorbitant, in many occurrences, to looking for just to be tantamount to contenders on such characteristics (Thomas and William, 2014).

In opposition to Porter's reasoning, high piece of the pie can be accomplished by seeking after a methodology of separation. Piece of the pie administration can give three
noteworthy advantages: it can drastically bring down cost and may even prompt cost authority; it can be a noteworthy supporter of long haul upper hand; and it can be a huge wellspring of separation. Kiechel (2010) contends that a separation procedure can regularly prompt a minimal effort position. Such a positive result is realized by increment in deals volume, the expectation to absorb information, and economies of scale and degree. Valipour, Birjand and Honarbaksh (2012) additionally propose that one can accomplish separation and cost administration through higher volume.

Olwande (2012) contends that when utilizing this methodology, an organization concentrates its endeavors on giving a special item or administration. Since, the item or administration is one of a kind; this system gives high client dependability. Separation procedure is sufficiently executed when the business gives fascinating or preferred a motivator over the customer through thing quality, features, or after-bargain reinforce. Firms following a detachment strategy can charge a higher cost for their things in perspective of the thing characteristics, the transport structure, the nature of organization, or the appointment channels. The quality may be certifiable or found in perspective of configuration, check name, or picture. The partition procedure cases to a refined or capable buyer captivated by a novel or quality thing and willing to pay a higher cost.

Porter (2008) contends that a key progress in defining a partition system is to make sense of what makes an association not the same as a competitor's. Segments including market zone nature of work, the traverse of the firm, the photo, geographical accomplish, commitment in client affiliations, thing, transport structure, and the exhibiting approach have been prescribed as organization's separation. To be capable, the message of division must accomplish the clients, as the customer's impression of the association are basic.
While using detachment, firms must be set up to add a premium to the cost. This isn't to propose costs and expenses are not seen as; just it isn't the essential fixation. However, since customers see the thing or organization as novel, they are dedicated to the association and willing to pay the higher cost for its things.

As per Ogolla (2005), some key ideas for building up differentiation include talking about the item to choose board, composing on key points influencing the organization in the affiliation's magazine or bulletin, getting to be plainly engaged with the group, being inventive when creating the organization's portfolio, offering something the contender does not or can't offer, utilizing organization measure as favorable position, preparing workers with inside and out item and administration information, offering enhanced or imaginative items, underscoring the organization's cutting edge innovation, quality administration, and exceptional items/administrations, utilizing photographs and renderings in pamphlets and choosing items and administrations for which there is a solid nearby need.

**2.3.3 Focus Strategies and Performance**

In the focus strategy, a firm concentrates on a specific segment of the market. The firm can focus on a select customer gathering, item extend, topographical range, or administration line. For example, some European firms focus only on the European market. Gather is moreover in perspective of grasping a tight engaged expansion inside an industry. It goes for creating bit of the general business through working in a claim to fame promote or in business areas either not charming to, or neglected by, greater contenders. These claims to fame rise up out of different parts including geography, buyer qualities, and thing conclusions or requirements (Olwande, 2012; Porter, 2008).
A viable focus method depends on an industry area adequately colossal to have awesome improvement potential however not of key noteworthiness to other genuine contenders. Market passage or market progression can be a fundamental focus system. Medium evaluated and sweeping firms use focus based strategies however just in conjunction with partition or cost organization non-particular systems. In any case, focus frameworks are best when purchasers have unmistakable slants and when the claim to fame has not been looked for after by coordinate firms (Olwande, 2012).

According to Kiechel (2010) focus method incorporates concentrating on a particular buyer gathering, thing segment, or topographical market. While negligible exertion and partition are away to accomplish their goals industry wide, the fixation or claim to fame framework depends on serving a particular target (customer, thing, or range) especially well. In any case, a focus framework infers achieving either an insignificant exertion favored point of view or partition in a thin bit of the market. This makes a defendable position inside that bit of the market.

The fixation method has two varieties: in cost focus a firm search for a cost advantage in its goal part; and detachment focus a firm search for division in its goal segment. The two varieties of the consideration framework lay on contrasts between a focuser's target segment and diverse segments in the business. The target pieces ought to either have buyers with odd needs or else the age and movement system that best serves the target divide must differentiation from that of other industry segments. Cost focus attempts differentiates in cost lead in a couple of areas, while partition focus enterprises the remarkable needs of buyers in particular pieces (Porter, 2008).
As exhibited by Hunt (2000), an obsession system is vulnerable against the running with hazards: Increasing cost detached between wide range contenders and the obsession firm may alter the division completed through concentration and turn the clients towards firms that offer a sweeping degree of things; saw or veritable contrasts among things and associations may vanish; and different firms may discover submarkets inside the objective market of the obsession firm and out obsession the focuser.

Bhoot (2012) fights that as with wide market frameworks, it is 'in the not too distant past important to pick whether you will search for after cost master or division once you have picked an obsession strategy as your basic approach. Center isn't generally enough in isolation. In any case, paying little notice to whether you utilize cost center or parcel center, the best way to deal with making an achievement of a non-specific obsession strategy is to guarantee that you are including something additional because of serving just that market quality. It's as of late missing to concentrate on just a lone market partition in light of how your connection is too little to serve a more expansive market. The something additional that you add can add to decreasing expenses conceivably through your insight into master providers or to expanding segment however your huge impression of clients' needs.

2.4 Summary of Literature Review and Research Gap

There are numerous empirical investigations that have been completed on generic competitive strategies and the performance of organizations. In any case, just a couple of these experimental examinations have been done in creating nations and have been done in various setting. All the past exact examinations surveyed have focalized comes about
which demonstrate that non-specific aggressive procedures have diverse outcomes execution of organizations. Kiechel, (2010) expressed that accomplishing a low general cost position frequently requires a high relative piece of the overall industry or different focal points, for example, ideal access to crude materials.

Kiechel, (2010) additionally expressed that an ease position as a rule puts the firm in an ideal position versus substitutes with respect to its rivals in the business. Since scale economies and cost preferences have a tendency to guard a firm against capable purchasers and providers and give significant passage obstructions, accomplishing a low broad cost position every now and again requires a high relative bit of the general business. Richard and Marilyn (2006) announce that partition procedures are more productive than cost organization philosophies, since bit of the general business pioneers tend to battle more on the preface of division than negligible exertion. In any case, Hun (2010) was of the view that high-performing associations in different endeavors tend to labeled more to customer regard than to the cost "side of the efficiency condition."

Thomas and William (2014) showed that it is troublesome, however not feasible, to be both lower-cost and separated with respect to rivalry. Accomplishing both is troublesome in light of the fact that giving one of a kind execution, quality, or administration is inalienably more exorbitant, in many cases, to looking for just to be practically identical to contenders on such traits. Henceforth the procedures may not be for all intents and purposes appropriate in upgrading execution.

Olwande (2012) noticed that effective concentration methodology depends on an industry parcel adequately extensive to have awesome advancement potential however not of key
essentialness to other genuine contenders. Medium assessed and considerable firms use focus based systems yet just in conjunction with partition or cost organization nonexclusive methods. Regardless, focus strategies are best when purchasers have specific slants and when the claim to fame has not been looked for after by coordinate firms. Hence, the methodologies may not be appropriate in every single industry. Though a lot of scholarly work has been done on competitive strategies and performance of industries little has focused on manufacturing sector and in Kenya hence the study seeks to feel the gap by determining the relationship between generic competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi City County, Kenya.
2.5 Conceptual Framework

As indicated by Mugenda (2008) a conceptual framework is a hypothesized model depicting the connection between factors graphically or diagrammatically. In this investigation, the relationship is eneric competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi City County, Kenya.

Independent Variables

<table>
<thead>
<tr>
<th>Cost Leadership Strategy</th>
<th>Differentiation Strategy</th>
<th>FOCUS Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Investment in cost saving state of the art equipment</td>
<td>- Creativity</td>
<td>- Niche marketing</td>
</tr>
<tr>
<td>- Process engineering</td>
<td>- Training employees</td>
<td>- Product segment</td>
</tr>
<tr>
<td>- Intense labour supervision</td>
<td>- Offering a unique product</td>
<td>- Geographical market</td>
</tr>
<tr>
<td>- Cost control</td>
<td>- Innovative products</td>
<td>- Product range focus</td>
</tr>
<tr>
<td>- Incentives based on meeting targets</td>
<td></td>
<td>- Service line focus</td>
</tr>
</tbody>
</table>

Dependent Variables

- Performance
  - Product quality
  - Favorable perception of products and brands
  - Product innovation and development
  - Market share
  - Operational efficiency

The independent variables of the examination are cost leadership strategies, product differentiation strategies and focus strategies. The independent variable in the study is performance of pharmaceutical manufacturing companies. A low-cost position protects the firm against effective purchasers since purchasers can apply control just to drive
down costs to the level of the following most proficient contender and subsequently enhance execution of organizations. Differentiation strategy of a firm looks to be one of a kind in its industry along a few measurements that are generally esteemed by purchasers which thus upgrade intensity and execution of firms. Focus strategy depend on embracing a tight focused extension inside an industry. It goes for developing market share through working in a specialty advertise or in business sectors either not alluring to, or ignored by, bigger contenders. This thus improve performance of firms.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section describes the research methods to be used in the study. It specifies the research design, target population, sample design, data collection instrument and procedure, and the data analysis and presentation.

3.2 Research Design

Kothari (2008) states that the research design is the course of action for the social occasion, estimation, and examination of data. An expressive research configuration was grasped in this examination. An unmistakable research configuration chooses and reports the way things are and uses a pre-orchestrated diagram for examination (Mugenda and Mugenda, 2008). A descriptive research design was used as a piece of this examination since it contemplates examination of different factors meanwhile and enables the examiner to depict variables, conditions and conditions (Erikand Marko, 2011).

A descriptive research design collects data describing persons, organizations, settings, or phenomena. This design has sufficient provisions for protection of bias and maximizes reliability of data (Kothari, 2008). The study applied descriptive research design as it portrays a chance to quantitative data as a means to restructure the what is of the topic.
3.3 Target Population

The table 3.1 below presents the information on the target population in an attempt to establish generic competitive strategies and performance of manufacturing pharmaceutical companies in Nairobi City County, Kenya.

<table>
<thead>
<tr>
<th>Population category</th>
<th>Target population</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td>Middle Level</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td>Lower Level</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

Mugenda and Mugenda (2003) define a population as objects or items of interest in a given research with a similar observable characteristic. The target population of the study was the 20 pharmaceutical companies in Nairobi City County. The target population was obtained from the Kenya Association of Manufacturers (KAM) which had twenty pharmaceutical companies that are based in Nairobi and registered as members. The study targeted the 60 respondents comprising of the chief executive officers (CEOs), operating managers and marketing managers from the 20 companies in appendix 1 and this comprised the population for the study (KMA, 2016).

3.4 Sampling Procedure and Sample Size

Stratified simple random sampling technique was used since the populace in interest was not homogeneous and could be subdivided into segments or strata to get a delegate test. As showed by Erik and Marko (2011) stratified random sampling analyzing produces appraisals of the all inclusive population parameters with more conspicuous precision and
ensures a more illustrative specimen is acquired from a modestly homogeneous populace. A random sample from each stratum was taken in a number relating to the stratum's size when stood out from the populace. This system was used since it diminishes odds of inclination and all things have a comparable level of being picked.

The table 3.2 below presents the information on the sample size in an attempt to establish generic competitive strategies and performance of manufacturing pharmaceutical companies in Nairobi City County, Kenya.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Population Frequency</th>
<th>Sample Proportion</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>20</td>
<td>0.6</td>
<td>12</td>
</tr>
<tr>
<td>Middle level management</td>
<td>20</td>
<td>0.6</td>
<td>12</td>
</tr>
<tr>
<td>(loan officer)</td>
<td>20</td>
<td>0.6</td>
<td>22</td>
</tr>
<tr>
<td>Lower level management</td>
<td>20</td>
<td>0.6</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>0.6</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

**Source: Author (2017)**

The study focused on CEOs, Marketing Managers and Operations Managers in the pharmaceutical companies based in Nairobi and registered as members of KAM since they have relevant information and knowledge on the competitive strategies employed in pharmaceutical companies. As illustrated from the above population, a sample of 60% of the respondents was chosen from each stratum in degrees that each stratum bears to the examination population to determine 36 respondents. Mugenda and Mugenda (2003) recommends that the examining of no under 10% of the population should be spoken to. The examination used the decision of 60% which was satisfactory and was a delegate test.
3.5 Data Collection Instruments

The study used closed ended questionnaires as instruments for data collection. The questionnaires were designed and tested before being used in collection of data from the study population. The questionnaire comprised closed ended questions in form of a 5-point likert scale ranging from strongly agree to strongly disagree scores. Kothari (2008) argues that through questionnaires, responses are gathered in a standardized manner, information is collected in a quick manner and collection can be done from a large group. Furthermore, questionnaires are cheap to use when contrasted with face-to-face interviews. This is particularly valid for examines including expansive sample sizes and vast geographic regions. Questionnaires are easy to analyze as information section and organization for almost all reviews can be effortlessly be done with ease.

Pilot testing using a pharmaceutical company that is not in the study (based outside Nairobi City County) was carried out prior to the questionnaires being circulated. Kombo, and Tromp (2006) argues that the testing of the data collection instrument helps a researcher find out whether the questions framed are properly understood by the respondents or need to be changed. Participants in the pilot study were asked to comment on any perceived ambiguities, omissions or errors in the draft questionnaire. Suggestions on ambiguous statements were noted and rephrased to ensure clarity before the questionnaires were circulated.

3.5.1 Test of Validity

Bryman and Bell (2003) argue that the validity of an instrument is the extent to which a data collection instrument measures what it is designed to measure. There are three types of validity which are construct validity which happens when the hypothetical
development of circumstances and end results precisely speak to this present reality circumstances they are expected to display. Face validity which happens where something seems, by all accounts, to be legitimate and content validity that was exploited by this investigation which is a measure of the extent that information which was gathered utilized a specific research instrument that relates to a particular space or substance of a specific idea or topic. Mugenda and Mugenda 2003) fight that the standard technique in surveying the substance legitimacy of a measure is to utilize an expert or master in a specific field. Validity of the instruments was obtained by incorporating the comments for each of the study variables by use of Content Validity index on a four scale of relevant (four), Quite relevant (three), Somewhat relevant (two) & Not relevant (one).

3.5.2 Test of Reliability

According to Mugenda and Mugenda (2008) reliability is the dependability, consistency or trustworthiness of a test. The reliability of the information gathering instruments was built up utilizing internal consistency reliability. Internal consistency reliability characterizes the consistency of the outcomes conveyed in a test, guaranteeing that the different things measuring the diverse builds convey reliable scores (Cooper and Schindler, 2008). Cronbach's Alpha which measures the interior consistency by building up if certain thing inside a scale measures a similar develop was utilized. The estimation of the alpha coefficient ranges from 0-1 and might be utilized to portray the reliability of elements extricated from dichotomous or potentially multi-point organized questionnaires or scales.
Table 4.4 represents the reliability analysis of the study where Cronbach’s Alpha which measured the internal consistency established if certain item within a scale measured if the same construct was used.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Leadership</td>
<td>0.814</td>
<td>12</td>
</tr>
<tr>
<td>Differentiation Strategies</td>
<td>0.843</td>
<td>15</td>
</tr>
<tr>
<td>Focus Strategies</td>
<td>0.748</td>
<td>6</td>
</tr>
</tbody>
</table>

**Source: Author (2017)**

Reliability of the questionnaire was assessed through Cronbach's Alpha which measures the inward consistency. Cronbach's alpha was figured by use of SPSS for dependability examination. In the above table differentiation strategies had the highest reliability (α=0.843) followed by cost leadership (α=0.814) while focus strategies had (α=0.748). This shows all the three scales were reliable as their reliability values surpassed were over the endorsed edge of 0.7. Cooper and Schindler (2008) has shown 0.7 to be an adequate reliability coefficient subsequently if the alpha values will be more noteworthy than 0.7 they will be dependable.

### 3.6 Data Collection Procedure

An initial letter was acquired from the Kenyatta University to lead the investigation to guarantee the respondents that the data that they gave would be dealt with privately and it would be utilized only for examine purposes. The specialist influenced utilization of system to induce focused on respondents to top off and restore the surveys to guarantee a high reaction rate. The specialist likewise urged the respondents to present relevant information without hiding anything as the examination instruments would not include or
bear their names. The questionnaires were managed through drop and pick strategy to respondents. The management staffs that were not ready to fill the questioners inside the stipulated time were reached through email.

3.7 Data Analysis and Presentation

The data generated from closed ended questionnaires was coded, numbered and classified under different variables for easy identification and then summarized in an answer summary sheet. The study used Statistical Package for Social Science (SPSS) was is a data analysis tool. Primary data of quantitative nature was analysed through descriptive statistics where measures of central tendencies (mean) and measures of dispersion (standard deviation) were used and interpreted. The results of the analysis were organized, summarized, presented and interpreted using tables clearly showing the frequency and percentages involved.

Inferential statistics such as Pearson correlation was also applied. The researcher also employed a multivariate regression model was used to establish the relationship between the independent and dependent variables and the regression method is deemed to be useful for its ability to test the nature of influence of the specific independent variables to be tested on a dependent variable used. A multivariate regression model was used to assess the collective effect of three independent variables cost leadership strategies, product differential strategies and focus strategies) and depended variable (organisation performance). The study was guided by the following regression model:
\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Where: \( Y = \) Organisation performance; \( \beta_0 = \) Constant Term; \( \beta_1, \beta_2 \) and \( \beta_3 = \) Beta coefficients; \( X_1 = \) Cost leadership strategies; \( X_2 = \) Product differential strategies; \( X_3 = \) Focus strategies; \( \epsilon = \) Error term

The Analysis of variance (ANOVA) which is a measure of significance was used to test the significance of the model at 95% confidence interval. It was essentially a procedure for testing the difference among various groups of data for homogeneity. ANOVA solves the specific difficulty which may arise with the use of t-test when examining the implication of the difference amongst more than two samples at the similar time. The t-test compares the actual difference between two or more means in relation to the variation in the data.

3.8 Ethical Considerations

The study assured all the respondents that the information collected from them would be treated with utmost confidentiality and that their identities remained anonymous. In addition to that, respondents were assured in advance that the information collected would be used purely for academic purposes.
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This part examines the exploration findings and discussions got from the field. The section exhibits the foundation data of the respondents, discoveries of the examination in light of the goals of the investigation that incorporated the effect of generic competitive strategies on the performance of manufacturing pharmaceutical companies in Nairobi County. Information examination was done through Statistical Package for Social Scientists (SPSS). Frequencies and percentages were utilized to show the outcomes which were introduced in tables, charts and diagrams.

4.1.1 Response Rate

The table 4.3 below presents the information on response rate of employees in manufacturing pharmaceutical companies in Nairobi City County, Kenya.

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>34</td>
<td>94.4</td>
</tr>
<tr>
<td>Non-Response</td>
<td>2</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author (2017)

The examination focused on a specimen size of 36 respondents from which 34 filled in and restored the polls influencing a reaction to rate of 94.4%. This reaction rate was attractive to make conclusions on the impact of generic competitive strategies on the performance of manufacturing pharmaceutical companies in Nairobi County. Mugenda and Mugenda (2003) noticed that a reaction rate of 50 percent is sufficient for examination and detailing; a rate of 60 percent is great and a reaction rate of 70 percent
and over is phenomenal. In light of the affirmation, the reaction rate was considered to be phenomenal.

4.2 Demographic Information

4.2.2 Gender of the Respondents

The table 4.5 below presents the gender of the respondents of employees in manufacturing pharmaceutical companies in Nairobi City County, Kenya.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>15</td>
<td>44.1</td>
</tr>
<tr>
<td>Male</td>
<td>19</td>
<td>55.9</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author (2017)

From the table underneath unmistakably most of the respondents as represented by 55.9 percent demonstrated that they were male while 44.1 percent of the respondents showed that they were females, this means the two genders were associated with discovering the impact of generic competitive strategies on the performance of manufacturing pharmaceutical companies. It’s important to involve both gender while conducting a study so as to have the views of each gender (Boex & Muga, 2009).

4.2.3 Age of the Respondents

The table 4.6 below presents the age of the respondents of employees in manufacturing pharmaceutical companies in Nairobi City County, Kenya.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30 years</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>31-40 years</td>
<td>15</td>
<td>44.1</td>
</tr>
<tr>
<td>41-50 years</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>6</td>
<td>17.6</td>
</tr>
</tbody>
</table>
From the table underneath on the age of the respondents, the examination asked for the respondents to demonstrate their age, from the discoveries, plainly the vast majority of the respondents as stated by 44.1 percent were aged between 31 to 40 years, further 26.5 percent of the respondents showed to be 41 to 50 years, 17.6 percent of the respondents showed to be over 50 years while 11.8 percent of the respondents demonstrated they were aged 31-50 years. This means respondents were very much circulated in term of their age. According to Kapambwe (2014) there is need to represent all age in the study to have the view of all generations at work Place.

4.2.4 Level of Education of the Respondents

The table 4.7 below presents the education level of the respondents of employees in manufacturing pharmaceutical companies in Nairobi City County, Kenya.

Table 4.7: Highest Level of Education Qualification

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>Degree</td>
<td>22</td>
<td>64.7</td>
</tr>
<tr>
<td>Post graduate</td>
<td>8</td>
<td>23.5</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author (2017)

From the table underneath on the scholarly capability of the respondents, the examination asked for the respondents to demonstrate their scholastic capability, from the discoveries; the investigation found that a large portion of the respondents as indicated by 64.7 percent showed that they had degrees, 23.5 percent had post graduate while 11.8 percent demonstrated they had diploma qualification. This means most respondents were
educated and could give tenable data. It’s important to have qualified staffs who can be trained with the necessary skills and knowledge to fulfill the organization’s corporate goals (Johnson, 2010).

4.2.5 Period of Working in the Organisation

The table 4.8 below presents the period of working of employees in manufacturing pharmaceutical companies in Nairobi City County, Kenya.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td>1-3 years</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>4-7 years</td>
<td>13</td>
<td>38.2</td>
</tr>
<tr>
<td>8-10 years</td>
<td>6</td>
<td>17.6</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Author (2017)

The investigation asked for the respondents to show their period of working in the organisation, from the discoveries, obviously the greater part of the respondents as illustrated to by 38.2 percent had worked for 4-7 years, 26.5 percent had worked for 4-7 years for 1-3, 17.6 percent had worked for 8-10 years, 11.8 percent had worked for more than 10 years though 5.9 percent of the respondents demonstrated they had worked for not more than as year, this means respondents were in the organisation for a decent time frame and along these lines comprehended the impact of generic competitive strategies on the performance of manufacturing pharmaceutical companies. Freeman (2012) discovered that respondent time of service in an organisation is fundamental for him or her to have better comprehension of the organisation.
4.3 Descriptive Statistics

This section will cover the objectives of the study which are to establish the effect of cost leadership, differentiation strategies and focus strategies on the performance of pharmaceutical companies in Nairobi City County.

4.3.1 Cost Leadership Strategy

The table 4.9 below presents the cost leadership strategy employed at pharmaceutical companies in Nairobi City County.

<table>
<thead>
<tr>
<th>Table 4.9: The Cost Leadership Strategies Employed by Organization</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in state of the art equipment</td>
<td>1</td>
<td>3</td>
<td>14</td>
<td>10</td>
<td>6</td>
<td>3.50</td>
<td>0.15</td>
</tr>
<tr>
<td>Monitoring and conservation of total operational costs</td>
<td>1</td>
<td>3</td>
<td>12</td>
<td>11</td>
<td>7</td>
<td>3.59</td>
<td>0.14</td>
</tr>
<tr>
<td>Aggressive pricing</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>11</td>
<td>8</td>
<td>3.56</td>
<td>0.11</td>
</tr>
<tr>
<td>Sale of standard products</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>13</td>
<td>7</td>
<td>3.65</td>
<td>0.14</td>
</tr>
<tr>
<td>Installation of efficient scale facilities</td>
<td>1</td>
<td>2</td>
<td>9</td>
<td>13</td>
<td>9</td>
<td>3.79</td>
<td>0.15</td>
</tr>
<tr>
<td>Control of organizational overheads</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>16</td>
<td>7</td>
<td>3.76</td>
<td>0.18</td>
</tr>
<tr>
<td>Avoidance of marginal customer accounts</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>15</td>
<td>9</td>
<td>3.85</td>
<td>0.17</td>
</tr>
<tr>
<td>Cost minimization in research and development</td>
<td>2</td>
<td>3</td>
<td>12</td>
<td>11</td>
<td>6</td>
<td>3.47</td>
<td>0.13</td>
</tr>
<tr>
<td>Cost minimization in sales</td>
<td>1</td>
<td>2</td>
<td>10</td>
<td>14</td>
<td>7</td>
<td>3.71</td>
<td>0.16</td>
</tr>
<tr>
<td>Cost minimization in advertising</td>
<td>1</td>
<td>4</td>
<td>7</td>
<td>12</td>
<td>10</td>
<td>3.76</td>
<td>0.13</td>
</tr>
<tr>
<td>Cumulative experience and a shorter learning curve</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>14</td>
<td>9</td>
<td>3.82</td>
<td>0.16</td>
</tr>
<tr>
<td>Reducing the size of the organizational management</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td>8</td>
<td>3.62</td>
<td>0.12</td>
</tr>
</tbody>
</table>

Source: Author (2017)
It was confirmed to a great extent that the organisation avoided marginal customer accounts as shown by a mean of 3.85. It was also confirmed that the organisation conducted cumulative experience and a shorter learning curve as shown by the mean of 3.82, there was installation of efficient scale facilities as shown by the mean of 3.79 and there was control of organizational overheads as shown by the mean of 3.76. It was also agreed that there was cost minimization in advertising as shown by the mean of 3.76, cost minimization in sales as shown by the mean of 3.71 and sale of standard products as represented by a mean of 3.65.

There was reduction in the size of the organizational management as shown by a mean of 3.62 and monitoring and conservation of total operational costs as shown by a mean of 3.59. There was agreement that there was aggressive pricing in the organisation as shown by a mean of 3.56, there was investment in state of the art equipment as shown by a mean of 3.50 and cost minimization in research and development as shown by a mean of 3.47.

The above discoveries bolstered before discoveries by Kiechel, (2010) that a low-cost position for the most part puts the firm in a good position compared to substitutes in respect to its rivals in the business. Since scale economies and cost advantages tend to protect a firm against capable purchasers and providers and give good barriers to entry of firms, accomplishing a low cost position regularly requires a high relative market share. Further as demonstrated by doorman (2008), the explanation behind cost leadership strategy is the association's simplicity things offers in an industry. Cost activity system occurs through association, intrigue in progress workplaces, assurance and mindful keeping an eye on the total working costs through undertakings, for instance, diminishing the size and quality organization.
4.3.2 Differentiation Strategy

The table 4.10 below presents the differentiation strategy employed at pharmaceutical companies in Nairobi City County.

Table 4.10: Differentiation Strategies Employed by Organization

<table>
<thead>
<tr>
<th>Differentiation Strategies Employed</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of unique products</td>
<td>2</td>
<td>4</td>
<td>8</td>
<td>13</td>
<td>7</td>
<td>3.56</td>
<td>0.12</td>
</tr>
<tr>
<td>Best cost strategy that combines cost and differentiation aspects</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>11</td>
<td>8</td>
<td>3.68</td>
<td>0.15</td>
</tr>
<tr>
<td>Building perceptions of exclusivity of organizational products</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>15</td>
<td>7</td>
<td>3.71</td>
<td>0.16</td>
</tr>
<tr>
<td>Speaking about the company products to select panels</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>14</td>
<td>6</td>
<td>3.62</td>
<td>0.15</td>
</tr>
<tr>
<td>Training employees on company products</td>
<td>1</td>
<td>2</td>
<td>11</td>
<td>11</td>
<td>9</td>
<td>3.74</td>
<td>0.14</td>
</tr>
<tr>
<td>Cultivating customer loyalty to company products</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>15</td>
<td>8</td>
<td>3.79</td>
<td>0.17</td>
</tr>
<tr>
<td>Developing high quality products</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>13</td>
<td>11</td>
<td>3.91</td>
<td>0.16</td>
</tr>
<tr>
<td>Unique product features</td>
<td>2</td>
<td>3</td>
<td>12</td>
<td>9</td>
<td>8</td>
<td>3.53</td>
<td>0.12</td>
</tr>
<tr>
<td>After sale support services</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>14</td>
<td>7</td>
<td>3.65</td>
<td>0.14</td>
</tr>
<tr>
<td>Efficient delivery systems</td>
<td>1</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td>9</td>
<td>3.74</td>
<td>0.14</td>
</tr>
<tr>
<td>Brand name and image</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>15</td>
<td>6</td>
<td>3.62</td>
<td>0.15</td>
</tr>
<tr>
<td>A different marketing approach compared to the competition</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>13</td>
<td>9</td>
<td>3.76</td>
<td>0.14</td>
</tr>
<tr>
<td>Writing about the company product in newspapers and magazines</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>14</td>
<td>9</td>
<td>3.79</td>
<td>0.15</td>
</tr>
<tr>
<td>Using the company size to the advantage of the organization</td>
<td>2</td>
<td>4</td>
<td>10</td>
<td>12</td>
<td>6</td>
<td>3.47</td>
<td>0.12</td>
</tr>
<tr>
<td>Using photos and other visuals to reach out to the market</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>13</td>
<td>10</td>
<td>3.85</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Source: Author (2017)
It was confirmed to a great extent that the organisation developed high quality products as shown by a mean of 3.91. It was also confirmed that the organisation used photos and other visuals to reach out to the market as shown by the mean of 3.85 and there was cultivation of customer loyalty to company products the company wrote about its product in newspapers and magazines as shown by the mean of 3.79. A different marketing approach was compared to the competition as represented by a mean of 3.76. It was also agreed that the organisation conducted training of employees on company products as shown by the mean of 3.74 and there was efficient delivery systems as shown by the mean of 3.74.

The organisation built perceptions of exclusivity of organizational products as represented by a mean of 3.71, the organisation used best cost strategy that combines cost and differentiation aspects as shown by a mean of 3.68. There was after sale support services as shown by 3.65 and the organisation built brand name and image and spoke about the company products to select panels as represented by a mean of 3.62. The organisation developed unique products as represented by a mean of 3.56, unique product features as represented by a mean of 3.53 and the company size was used to the advantage of the organization as represented by a mean of 3.47.

Olwande (2012) argues that when using this strategy, a company focuses its efforts on providing a unique product or service. Since, the product or service is unique; this strategy provides high customer loyalty. Differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Further Thomas and William, (2014) stated that accomplishing differentiation may here and there block picking up a
high piece of the pie. It regularly requires an impression of selectiveness, which is in congruent with high market share. It is troublesome, however not feasible, to be both lower-cost and separated in respect to rivalry. Accomplishing both is troublesome in light of the fact that giving novel execution, quality, or administration is characteristically more expensive, in many examples, to looking for just to be practically identical to contenders on such traits.

4.3.3 Focus Strategy

The table 4.10 below presents the focus strategy employed at pharmaceutical companies in Nairobi City County.

**Table 4.11: Focus Strategy**

<table>
<thead>
<tr>
<th>Focus Strategy</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market segmentation for company products</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>14</td>
<td>9</td>
<td>3.79</td>
<td>0.15</td>
</tr>
<tr>
<td>Focus on geographical areas</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>13</td>
<td>10</td>
<td>3.85</td>
<td>0.15</td>
</tr>
<tr>
<td>Focus on product range</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>13</td>
<td>6</td>
<td>3.50</td>
<td>0.13</td>
</tr>
<tr>
<td>Focus on demographics</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>13</td>
<td>7</td>
<td>3.65</td>
<td>0.14</td>
</tr>
<tr>
<td>Creation of customer niches</td>
<td>1</td>
<td>2</td>
<td>9</td>
<td>14</td>
<td>8</td>
<td>3.76</td>
<td>0.16</td>
</tr>
<tr>
<td>Focus on markets overlooked by competitors</td>
<td>1</td>
<td>3</td>
<td>11</td>
<td>12</td>
<td>7</td>
<td>3.62</td>
<td>0.14</td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

It was deduced to a great extent that there was focus on geographical areas as shown by the mean of 3.85 and the organisation uses market segmentation to market the company products as shown by a mean of 3.79. It was also confirmed that there was creation of customer niches as shown by a mean of 3.76, there was focus on demographics as shown...
by the mean of 3.65 and there focus on markets overlooked by competitors as shown by the mean of 3.62. Finally, there was focus on product range as represented by a mean of 3.50. The findings supported earlier findings by Olwande (2012) focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms. According to Kiechel (2010) focus method incorporates concentrating on a particular buyer gathering, thing segment, or topographical market. While negligible exertion and partition are away to accomplish their goals industry wide, the fixation or claim to fame framework depends on serving a particular target (customer, thing, or range) especially well.

4.3.4 Performance

The table 4.12 below presents the elements of competitiveness which enhance the performance of companies.

Table 4.12: Performance

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better product quality</td>
<td>1</td>
<td>3</td>
<td>9</td>
<td>13</td>
<td>8</td>
<td>3.71</td>
<td>0.14</td>
</tr>
<tr>
<td>Favorable perception of company products and brands</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>14</td>
<td>10</td>
<td>3.85</td>
<td>0.15</td>
</tr>
<tr>
<td>An increase in product innovation and development</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>14</td>
<td>11</td>
<td>3.94</td>
<td>0.17</td>
</tr>
<tr>
<td>An improvement in the company’s market share</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>16</td>
<td>9</td>
<td>3.88</td>
<td>0.18</td>
</tr>
<tr>
<td>Improvement of operational efficiency</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>16</td>
<td>10</td>
<td>3.94</td>
<td>0.18</td>
</tr>
</tbody>
</table>

Source: Author (2017)

It was confirmed to a great extent that adoption of competitive strategies has led to an increase in product innovation and development and improvement of operational
efficiency as shown by a mean of 3.94. It was agreed to a great extent that there was an improvement in the company’s market share as shown by the mean of 3.88. There was favorable perception of company products and brands as shown by the mean of 3.85 and better product quality as shown by the mean of 2.71. Griffin (2013) stated that competitive strategies inform of focus strategies, product differentiation and cost leadership led to superior profitability, high market share, an increase in product innovation and development and improvement of operational efficiency
4.4 Inferential Statistics

This section will cover inferential statistics that will make inference about populations using data drawn from the population. The section will cover correlation analysis and the regression analysis in order to determine relationship between the variables.

4.4.1 Correlation Analysis

The table 4.13 below presents the correlation analysis between performance and the independent variables which are cost leadership strategy, differentiation strategy and the focus strategy.

Table 4.13: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Correlations</th>
<th>Correlation</th>
<th>Cost Leadership Strategy</th>
<th>Differentiation Strategy</th>
<th>Focus Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Performance</td>
<td>1</td>
<td>.868**</td>
<td>.769**</td>
<td>.817**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.001</td>
<td>0.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Cost Leadership Strategy</td>
<td>Pearson Correlation</td>
<td>.868**</td>
<td>1</td>
<td>.214</td>
<td>.347</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.001</td>
<td>0.353</td>
<td>0.292</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>Pearson Correlation</td>
<td>.769**</td>
<td>.214</td>
<td>1</td>
<td>.684**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.004</td>
<td>0.353</td>
<td>0.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>Pearson Correlation</td>
<td>.817**</td>
<td>.347</td>
<td>.684**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.004</td>
<td>0.292</td>
<td>0.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author (2017)

** Correlation is significant at the 0.01 level (2-tailed).
The study established that there was a strong positive relationship between cost leadership strategies and performance of pharmaceutical companies as shown by a correlation coefficient of 0.868. These results imply that cost leadership plays a very significant role in determining organizational performance. This could be attributed to the fact that price of a commodity serves a very significant role in attracting customers to purchase or not purchase a product. These findings concur with studies done by Phillips (2013) who found a correlation coefficient of 0.742 and concluded that cost leadership creates excesses in returns by providing a basic commodity level product at the lowest cost of production generating larger margins in profits.

The study recognized there was a strong positive relationship between differentiation strategies and performance of pharmaceutical companies as shown by a correlation coefficient of 0.769. This therefore implies that when organizations differentiate themselves and their products there are able to perform better. This could be attributed to the fact customers are able to distinctly identify the organization’s product and therefore creating customer loyalty. These findings are in agreement with studies done by Acquash and Yasai-Ardekani (2015) who found a correlation coefficient of 0.866 and concluded that differentiation helps firms to be able to achieve a competitive advantage over their rivals, increase their revenues, neutralize threats and exploit opportunities.

Finally, the study confirmed there was a strong positive relationship between focus strategies and performance of pharmaceutical companies as shown by a correlation coefficient of 0.817. These results imply that focus strategy has a direct effect on the performance of an organization. This is because focus strategies aim at growing market share through operating in a niche market or in markets either not attractive to, or
overlooked by, larger competitors and hence enable firms to enhance their performance. The results differed with Olwande (2012) who established that focus strategy has no significant influence on organizational performance as shown by a correlation coefficient of -0.148. This could be attributed to the fact that focusing on particular segment of the market does not specifically imply that the organization will do well or it will increase its performance.

4.4.2 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions.

4.4.2.1 Regression Analysis Model Summary

Table 4.14 below presents the regression analysis model summary between performance and the independent variables which are cost leadership strategy, differentiation strategy and the focus strategy.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.859</td>
<td>.738</td>
<td>.724</td>
<td>.45366</td>
</tr>
</tbody>
</table>

Source: Author (2017)

- Predictors: (Constant), Cost leadership strategies; differentiation strategies and focus strategies

It is clear from the table below that R which is the correlation coefficient which shows the relationship between the study variables was 0.859, hence there was a strong positive relationship between the study variables at 5% significance level. The Adjusted R
squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable was 0.724 an indication that there was variation of 72% on performance of pharmaceutical companies’ due to changes in cost leadership strategies, differentiation strategies and focus strategies at 95% confidence interval. This is an indication that 72% of the changes in performance of pharmaceutical companies could be accounted for by the independent variables.

The above findings were similar to the earlier findings by Olwande (2012) who found a strong positive relationship between generic competitive strategies and performance of pharmaceutical companies. In the model summary, the coefficient of determination (R²) was 0.869, that is, 86.9 percent of the variation in firm performance (market share) was explained by the changes in Differentiation strategy, Cost Leadership strategy and Focus strategy leaving 13.1 percent unexplained.

4.4.2.2 Analysis of Variance

Table 4.15 below presents the Analysis of Variance between performance and the independent variables which are cost leadership strategy, differentiation strategy and the focus strategy.

| Source: Author (2017) |
|-----------------------|----------------|
| **Table 4.15: Analysis of Variance Table** |
|                        | **ANOVA** |
| Model                  | Sum of Squares | df | Mean Square | F    | Sig. |
| 1 Regression           | 4.183         | 4  | 1.046       | 5.624| .023b |
| Residual               | 5.408         | 29 | 0.186       |      |      |
| Total                  | 9.591         | 33 | 5.624       |      |      |
a. Dependent Variable: Performance of Pharmaceutical Companies

b. Predictors: (Constant), Cost leadership strategies; differentiation strategies; and skills and focus strategies

From the table below, the processed data, which is the population parameters, had a significance level of 2.3% which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%. The findings supported Olwande (2012) who established that the P-value were 0.000 < 0.05 an indication that the model of firm performance (market share) was significant at the 5 percent significance level.

The F critical at 5% level of significance, 4 d.f, 29 d.f was 2.701, while F computed was 5.624, since F calculated is greater than the F critical (value = 2.701), this shows that the overall model was significant. The findings were concurrent with Munyasi (2014) who used ANOVA and the F value of 20.100 indicated that all the variables in the equation are important hence the overall regression is significant.
4.4.2.3 Coefficient of Regression

Table 4.16 below presents the coefficient of regression between performance and the independent variables which are cost leadership strategy, differentiation strategy and the focus strategy.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>5.026</td>
</tr>
<tr>
<td></td>
<td>Cost leadership strategies</td>
<td>1.774</td>
</tr>
<tr>
<td></td>
<td>Differentiation strategies</td>
<td>.994</td>
</tr>
<tr>
<td></td>
<td>Focus strategies</td>
<td>1.288</td>
</tr>
</tbody>
</table>

Source: Author (2017)

\[ Y = 5.026 + 1.774X_1 + 0.994X_2 + 1.288X_3 \]

Where \( X_1 = \) Cost leadership strategies

\( X_2 = \) Differentiation strategies

\( X_3 = \) Focus strategies

From the regression equation below it was found that holding Cost leadership strategies, differentiation strategies and focus strategies to a constant zero, performance of pharmaceutical companies will be 5.026, a unit increase in cost leadership strategies would lead to increase in performance of pharmaceutical companies by 1.774 units. Valipour et al (2012) proclaimed that a low-cost position puts a firm in a defensive position against any rivalry or competition which may arise from competitors as lower
costs for a firm shows that there is a chance that it can still make good returns after its rivals have left.

A unit growth or increase in differentiation strategies would in turn cause an increase in performance of pharmaceutical firms by 0.994 units. Hun (2000) asserted that high-performing firms in different sectors of the economy tend to be concerned with customer value than to the cost side of the profitability reckoning. Further a unit rise or growth in focus strategies would in turn lead to increase in performance of pharmaceutical companies by 1.288 units. Focus strategy is also based on implementing a narrow competitive opportunity within an industry category. It aims at growing market share of a country through operating in a functional market (Olwande, 2012). Overall cost leadership strategies was viewed to have the greatest effect on pharmaceutical companies’ performance, followed by focus strategies then differentiation strategies.

The statistical findings indicated that at 5% significance level and 95% confidence level, cost leadership strategies had a 0.028 level of significance; differentiation strategies had a 0.026 level of significance while focus strategies had 0.023 level of significance. All the variables were significant (p<0.05). The findings supported Olwande (2012) who established that the P- value of all the variables were < 0.05 an indication that all the variables were significant at the 5 percent significance level.
CHAPTER FIVE:
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis of the data collected, the following discussions, conclusions and recommendations were made. The responses were based on the objectives of the study.

5.2 Summary of Findings

5.2.1 Cost Leadership Strategy

The study identified the following cost leadership strategic practices as the most commonly used; avoidance of marginal customer accounts, conducting cumulative experience and a shorter learning curve, installation of efficient scale facilities and control of organizational overheads. It was also confirmed there was cost minimization in advertising, cost minimization in sales and sale of standard products. There was reduction in the size of the organizational management and monitoring and conservation operational costs. There was agreement that there was aggressive pricing in the organisation, there was investment in state of the art equipment and cost minimization in research and development.

The study established that there was a strong positive relationship between cost leadership strategy and performance of pharmaceutical companies and a unit increase in cost leadership strategies would lead to increase in performance of pharmaceutical companies. These results imply that cost leadership plays a very significant role in determining organizational performance. This could be attributed to the fact that price of
a commodity serves a very significant role in attracting customers to purchase or not purchase a product.

5.2.2 Differentiation Strategy

The study identified the following differentiation strategy as the most commonly used; development of high quality products, use of photos and other visuals to reach out to the market, cultivation of customer loyalty, use of marketing approach and that the organisation conducted training of employees. It was agreed there was efficient delivery systems, the organisation built perceptions of exclusivity and the organisation used best cost strategy, after sale support services, the organisation built brand name and image, the organisation developed unique products and the company size was used to the advantage of the organization.

The study recognized there was a strong positive relationship between differentiation strategies and performance of pharmaceutical companies and a unit increase in differentiation strategy would lead to increase in performance of pharmaceutical companies. This therefore implies that when organizations differentiate themselves and their products there are able to perform better. This could be attributed to the fact customers are able to distinctly identify the organization’s product and therefore creating customer loyalty.

5.2.3 Focus Strategy

The study identified the following focus strategy; focus on geographical areas, market segmentation to market the company products, creation of customer niches, focus on demographics, focus on markets overlooked by competitors and focus on product range.
The adoption of competitive strategies led to an increase in product innovation and development and improvement of operational efficiency. Also, there was an improvement in the company’s market share, favorable perception of company products and brands and better product quality.

The study confirmed there was a strong positive relationship between focus strategy and performance of pharmaceutical companies and a unit increase in focus strategy would lead to increase in performance of pharmaceutical companies. These results imply that focus strategy has a direct effect on the performance of an organization. This is because focus strategies aim at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors and hence enable firms to enhance their performance.

5.2.4 Performance

It was confirmed to a great extent that adoption of competitive strategies has led to an increase in product innovation and development and improvement of operational efficiency. It was agreed to a great extent that there was an improvement in the company’s market share. There was favorable perception of company products and brands and better product quality in the organisation. There was a strong positive relationship between cost leadership strategies, differentiation strategies, focus strategies and the performance of pharmaceutical companies.

5.3 Conclusion

The study concludes that cost leadership affects performance of pharmaceutical companies through achieving economies of scale, capacity utilization of resources,
reducing operations time and costs, efficiency, avoidance of marginal customer accounts, shorter learning curve and control of organizational overheads. In order to achieve a low-cost advantage, pharmaceutical companies must have a low-cost leadership strategy with integrated sections/business units and a workforce committed to the low-cost strategy. Economies of scale gives pharmaceutical companies a competitive advantage thus adopting cost leadership strategies enables pharmaceutical companies to maximize production while minimizing their cost of operation.

It was concluded that differentiation affect performance of pharmaceutical companies through product/service, promotion/ advertising campaign, personnel differentiation. It was conducted through development of high quality products, use of photos and other visuals to reach out to the market, cultivation of customer loyalty and use of marketing approach. Differentiation based on place, differentiation based on image and differentiation based on technological leadership affected performance of performance of pharmaceutical companies.

The study also concluded that focus strategy affected performance of pharmaceutical companies through various aspects such as practicing segmentation based on benefit sought by the customers, physiological aspects of the customers and income level of the customers. There should be focus on geographical areas, market segmentation, creation of customer niches, focus on demographics, focus on markets overlooked by competitors and focus on product range. The adoption of competitive strategies led to an increase in product innovation and development and improvement of operational efficiency.
5.4 Recommendation for Policy and Practice

This study recommends that pharmaceutical companies should embrace and invest in cost leadership strategy most especially forming linkages with suppliers and involvement of the stakeholders since it will enable them achieve competitive advantage. To develop core competences there is need for good leadership from the management and involvement of all stakeholders. This is because cost leadership strategy enhances performance of companies.

The study further recommends that in order to enhance pharmaceutical company’s performance then they should invest more in differentiating their personnel through continuous training, products and services in order to make them unique and innovative and conducting regular and continuous promotion or advertising campaign to enhance awareness. This is because differentiation strategy enhances performance of companies.

The study recommends that pharmaceutical companies should know on what basis to focus their products, services and operations. As the markets become dynamic and consumers more irregular, the pharmaceutical companies need to focus on market segmentation to efficiently satisfy the market needs. This is because differentiation strategy enhances performance of companies.

5.5 Recommendation for Further Study

The study sought to investigate generic competitive strategies and performance of manufacturing pharmaceutical companies in Nairobi County. The study recommends that a study can be carried out in other organizations to find out whether the same results will be obtained. A study can also be done on other competitive strategies that affect
performance of organisation. Future studies should be done on other factors that affect the performance of companies apart from the three generic competitive strategies.
REFERENCES


Chan, L.L.M., Shaffer, M.A., & Snape, E. (2004). In search of sustained competitive advantage: the impact of organizational culture, competitive strategy and human


APPENDICES

Appendix I: List of Pharmaceutical Companies in Nairobi

1. African Cotton Industries Limited
2. Alpha Medical Manufacturers Limited
3. Beta Healthcare International Limited
4. Biodeal Laboratories Limited
5. Bulk Medicals Limited
6. Cosmos Limited
7. Dawa Limited
8. Elys Chemicals Industries Limited
9. Gesto Pharmaceuticals Limited
10. GlaxoSmithKline Kenya Limited
11. KAM Pharmacy Limited
12. Laboratory & Allied Limited
13. Manhar Brothers (K) Limited
14. Medivet Products Limited
15. Novelty Manufacturing Limited
16. Pharm Access Africa Limited
17. Pharmaceutical Manufacturing Co (K) Limited
18. Regal Pharmaceuticals
19. Revital Healthcare (EPZ) K
20. Universal Corporation Limited
Appendix II: The Sampled Pharmaceutical Companies in Nairobi

12. Alpha Medical Manufacturers Limited

2. Beta Healthcare International Limited

3. Biodeal Laboratories Limited

4. Cosmos Limited

5. Dawa Limited

6. Gesto Pharmaceuticals Limited

7. GlaxoSmithKline Kenya Limited

8. KAM Pharmacy Limited

9. Laboratory & Allied Limited

10. Pharm Access Africa Limited

11. Pharmaceutical Manufacturing Co (K) Limited

12. Regal Pharmaceuticals
Appendix III: Letter of Introduction

Angela Njaaga

Dear Respondent,

RE: RESEARCH PROJECT

I am a postgraduate student at Kenyatta University pursuing master degree of Business Administration. I am carrying out a management research project aimed at assessing GENERIC COMPETITIVE STRATEGIES AND THE PERFORMANCE OF PHARMACEUTICAL MANUFACTURING COMPANIES IN NAIROBI CITY COUNTY, KENYA. The success of the research substantially depends on your cooperation. I hereby request you to respond to the questionnaire as honestly as possible and to the best of your knowledge.

The questionnaire is designed for the purpose of this study only, therefore the responses will be treated confidentially and no name will be required from any respondent.

Thanking you in advance

Yours sincerely,

------------------------
Appendix IV: Questionnaire

Instructions: Please respond to the following questions and where applicable, mark the relevant box with a tick (√).

Confidentiality: The responses you provide will be strictly confidential. No reference will be made to any individual(s) in the report of the study.

PART A: Background Information
A1 – Respondents Profile

1. Indicate your sex

Male [ ] Female [ ]

2. In which of the following age brackets do you belong?

Below 21-30 years [ ] 31-40 years [ ] 41-50 years [ ] Over 50 years [ ]

3. What is your education level (state the highest level)

Diploma [ ] Undergraduate [ ] Post Graduate [ ] Other ________________

4. How many years have you been with your employer?

Less than 1 year [ ] 1-3 years [ ] 4-7 years [ ] 8-11 years [ ] Over 11 years [ ]
Part B: Cost Leadership Strategy Employed by Pharmaceutical Companies in Nairobi

Please indicate the extent to which you agree with the following statements about the cost leadership strategies employed by pharmaceutical companies in Nairobi. To complete the questionnaires read and then rate each statement according to the following scale:

1 - Strongly Disagree
2 - Disagree
3 – Not sure
4 - Agree
5 - Strongly Agree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Investment in state of the art equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Monitoring and conservation of total operational costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Aggressive pricing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Sale of standard products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Installation of efficient scale facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Control of organizational overheads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Avoidance of marginal customer accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Cost minimization in research and development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Cost minimization in sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Cost minimization in advertising</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Cumulative experience and a shorter learning curve</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Reducing the size of the organizational management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART C: The Differentiation Strategies of Pharmaceutical Companies in Nairobi

Please indicate the extent to which you agree with the following statements about the differentiation strategy of pharmaceutical companies in Nairobi. To complete the questionnaires read and then rate each statement according to the following scale:
1 -Strongly Disagree
2 -Disagree
3 – Not sure
4 -Agree
5 -Strongly Agree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Development of unique products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Best cost strategy that combines cost and differentiation aspects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Building perceptions of exclusivity of organizational products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Speaking about the company products to select panels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Training employees on company products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Cultivating customer loyalty to company products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Developing high quality products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Unique product features</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. After sale support services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Efficient delivery systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Brand name and image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. A different marketing approach compared to the competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Writing about the company product in newspapers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14. Using the company size to the advantage of the organization

15. Using photos and other visuals to reach out to the market

**PART D: Focus Strategy of Pharmaceutical Companies in Nairobi**

Please indicate the extent to which you agree with the following statements on the focus strategy of pharmaceutical companies in Nairobi where:

1 - Strongly Disagree
2 - Disagree
3 – Not sure
4 - Agree
5 - Strongly Agree

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Market segmentation for company products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. Focus on geographical areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Focus on product range</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Focus on demographics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Creation of customer niches</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Focus on markets overlooked by competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**PART E: Performance of Pharmaceutical Companies in Nairobi City County**

Please indicate the extent to which you agree with the following statements on the performance of pharmaceutical companies in Nairobi City County where:

1 - Strongly Disagree
2 - Disagree
3 – Not sure
4 - Agree
5 - Strongly Agree

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Better product quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Favorable perception of company products and brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 An increase in product innovation and development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 An improvement in the company’s market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Improvement of operational efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix V: Research Permit

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349, 3310571, 2219429
Fax: +254-20-318245, 318249
Email: dg@nacost.go.ke
Website: www.nacost.go.ke
when replying please quote

Ref: No. Date:

NACOSTI/P/16/54886/14479 28th October, 2016

Angela Waithira Njaaga
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Generic competitive strategies and the performance of pharmaceutical manufacturing companies in Nairobi County, Kenya,” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 28th October, 2017.

You are advised to report to the Managing Directors of selected Manufacturing Companies, the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

[Signature]
ROXFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Managing Directors
Selected Manufacturing Companies.

The County Commissioner
Nairobi County.

THIS IS TO CERTIFY THAT: 

MS. ANGELA WAITHIRA NJAAGA 
of KENYATTA UNIVERSITY, 43844-100 
nairobi, has been permitted to conduct 
research in Nairobi County 
on the topic: GENERIC COMPETITIVE 
STRATEGIES AND THE PERFORMANCE OF 
PHARMACEUTICAL MANUFACTURING 
COMPANIES IN NAIROBI COUNTY, 
KENYA.

for the period ending: 
28th October, 2017

[Signature]

Director General
National Commission for Science, 
Technology & Innovation