STRATEGIC MANAGEMENT CAPABILITIES AND PERFORMANCE OF
PHARMACEUTICAL COMPANIES IN NAIROBI CITY COUNTY, KENYA

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REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF
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JUNE, 2022
DECLARATION

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

Signature: ___________________________           Date: ___________________________
Mwangi Tabitha
D53/EMB/PT/38723/2017

Supervisor Declaration
This research project has been submitted for examination with my approval as the university supervisor.

Signature: ___________________________           Date: ___________________________
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DEDICATION

My special gratitude goes to my parents, family members, classmates and workmates for their emotional and moral support during the period of preparing this research project.
ACKNOWLEDGEMENT

I thank the Almighty God for his protection and gift of good health during the period of preparing this research project. My special regards go to my supervisor Dr. David Kiiru for his academic insights and positive critique of this research project. Without his encouragement of academic support, this research project would have not been actualized. Further my special acknowledgement goes to my immediate family members and workmates for their moral support and encouragement during the preparation of this research project.
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<th>Abbreviation</th>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
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<tr>
<td>KAM</td>
<td>Kenya Association of Manufacturers</td>
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<td>KEMSA</td>
<td>Kenya Medical Supplies Agency</td>
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<tr>
<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package of Social Sciences</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<td>USIU</td>
<td>United States International University</td>
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OPERATIONAL DEFINITION OF TERMS

**Strategic Management Capability**
It is a set of competencies or practices or drivers that enable organizations to gain long term competitiveness in the changing business environment.

**Technological Capability**
Involves the extent to which companies embrace modern technologies or use information and communication technology tools or devices to enhance service delivery or improve overall organizational efficiency and effectiveness.

**Leadership Capability**
It entails the ability of leaders in the organization to adopt combinations of strategies to influence employees in order to achieve organizational objectives with minimal resistance.

**Employee Capability**
It is the ability of workers in the organization to apply diverse knowledge and skills in order to achieve organizational goals more efficiently and effectively.

**Organizational performance**
Comprises the actual output or results of an organization as measured against its intended outputs.
Product design capability  Refers to the process of identifying a market opportunity, clearly defining the problem, developing a proper solution for that problem and validating the solution with real users
ABSTRACT

In the world of competition and unpredictable business environment, competitive organizations are rethinking on strategic capabilities as drivers of organizational performance. Deteriorating performance of organizations and more specifically pharmaceutical companies in Kenya is attributed by numerous challenges such as competition, change regulations and influence of globalization thus the need to rethink on strategic capabilities to improve performance. Therefore, the aim of this study was to investigate the influence of strategic management capabilities on performance of pharmaceutical companies in Nairobi City County, Kenya. The study specifically examined the influence of technological, leadership, employee capabilities on the performance of pharmaceutical companies. The study was guided by resource based view theory, dynamic capability theory, diffusion of innovation theory and transformative leadership theory. Descriptive research design was adopted in this study research process. The unit of analysis was 27 pharmaceutical companies operating in Nairobi City County, Kenya. The unit of observation was 324 employees who include; customer service representatives, operations managers, procurement managers, marketing managers and production managers. Stratified sampling method was used to sample the respondents according to their department in order to ensure representativeness of all the cases. Simple random sampling method was used to select the respondents. The sample size was 179 respondents. The study used primary data that was collected using questionnaires. Questionnaires were piloted to 18 respondents and these respondents were not included in the final data collection process. Content analysis technique was used to analyse qualitative data. Descriptive statistics such as mean scores, frequency distribution tables, standard deviation and percentage was used to analyse quantitative data. Further the study carried out regression analysis to establish the relationship between variables. The study established that technology capability, leadership capability, employee capability and product design capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The study concludes that technology capability enables that organization to gain the ability to streamline repetitive processes with automation and focus on their core competence such as building new client relationships or providing more attentive customer service. Leadership capability promotes a culture of cohesion and collaboration within the workplace. Employee capability ensures that organization-funded training and professional development activities are cost-effective, goal-oriented and productive. Pharmaceutical companies have a very effective product design implementation that has enhanced their performance by attracting more consumers, providing ease, and making services available to their customers. The study recommends that the organization should pay keen attention to importance of new technology, create an environment for technology innovation and constantly evaluate the maintenance strategies for efficient and effective operation of the pharmaceutical companies. The organizational leadership should exercise discipline by making sure that they meet the deadlines of the given tasks, conducting meetings in the stipulated time frame. The organizations should make sure employees are clear about their work assignments means communicating those expectations well. The pharmaceutical companies should create a solid understanding of their opportunities by looking at the entire market based on their customer to determine the actual potential.
CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

In the world of competition and turbulent business environment, achieving operational performance in organizations is dependent on multiple factors which may be internal and external (Quinn & Hilmer, 2014). Burak (2013) observe that in the modern competitive business environment, organizations from one sector to another can utilize strategic resources in order to achieve short term and long term goals. Selecting a business strategy that exploits valuable resources and distinctive competencies not only promotes operational performance of firms but also influences sustainable competitiveness of firms.

With unpredictable business environments, realigning strategic resources and capabilities to suit the changing business trends is viewed to be one of the drivers of organizational productivity in terms of profits, new product development, change implementation, service efficiency and effectiveness. Underutilized organizational resources and capabilities can subject an organization to hostile business environment thus inability to cope with changing technologies and consumer demands (Hitt, Keats & De-Marie, 2012).

Globally, Beaumont and Sohal (2014) in the United States of America ascertains that building and regenerating valuable resources and distinctive competencies can result to organizational growth in terms of market share, profits generated and customer loyalty. Similarly, Gilley and Rasheed (2013) in Australia contend that in an ever-changing environmental condition, a firm’s ability to change direction quickly and to reconfigure strategically is crucial to its success in achieving sustainable competitive advantage. In Singapore Mopeni, Sobi and Modi (2014) opine that capability-based strategies, sometimes
referred to as the resource-based view of the firm, are determined by those internal resources and capabilities that provide the platform for the firm's strategy and those resources and capabilities that are the primary source of profit for the firm.

Regionally, Rickson and Harvey (2013) in Egypt ascertains that strategic management approaches are considered to be drivers of organizational performance. Aligning the systems, structures, processes and culture to address the needs of various stakeholders such as customers, competitors, suppliers and the government are viewed to be strategic practices if effectively embraced in any system. Rhumbi and Ghadhi (2017) in India assert that equipping employees with appropriate knowledge and skills is viewed to be one of the strategic management capabilities. Rigidity of workers to embrace new reforms in any organization is attributed to inappropriate skills or poor leadership culture that does not recognize human capital in any transformation.

Locally, Ngugi and Karina (2013) in Kenya avers that maintaining a competitive edge in an unpredictable business environment, organizations should reconsider adopting strategic management capabilities in order to survive. Subsequently, Kilui (2015) in Kenya ascertains that strategic management capabilities are considered to be a function of organizational efficiency and effectiveness. Despite variations in strategic management capabilities from one organization to another, strategic interventions such as technology, employee development and develop new products can facilitate organizational performance. Without a strategic management approaches, achieving organization excellence is unlikely in the dynamic business environment. As companies intend to expand their market share beyond local territories and maximize profits, rethinking on
Strategic management capabilities will not only facilitate organizational agility but also organizational efficiency and effectiveness (Kimani, 2013).

An organization’s performance is determined by how well that organization achieves its objectives, its effectiveness and efficiency in meeting its economic, operational and market-oriented objectives (Khang, Arumugam, Chong & Chan, 2010). Kim, Kumar and Kumar (2012) indicate that operating in a worldwide company setting characterized by fast modifications, advances in technology, changing client requirements and increased competition. Therefore, pharmaceutical companies need to encourage their capacity to learn new techniques to survive in such a turbulent environment and techniques to enhance their efficiency and long-term organizational success.

1.1.1 Strategic Management Capability

Strategic management capabilities are described as a set of abilities that exist or can be created in organizations to facilitate long-term competitiveness (Owuor, 2018). O’Regan and Ghobadian (2014) indicates that strategic management capabilities enable firms to manage for the future by focusing on customer’s needs and requirements, while at the same time managing crises and problems arising in their operating environment and distinguishes between operational capabilities: common processes and techniques that can be learned and imitated. Strategic management capability in this study will be evaluated in terms of technological capability, leadership capability, employee capability and product design capability.

Salojarvi et al. (2015) define technological capability as the ability of the organization to use modern technologies or softwares or ICT devices in producing goods and services. The
set of computer tools used by employees of the organization can facilitate organizational efficiency and effectiveness. Organizations which embrace latest technologies not only achieve sustainable competitiveness but also maximize their productivity in terms of profits (Rhumbi & Ghadhi, 2017). Technology can take soft and hard dimensions. The soft dimensions can be knowledge and information sharing while to hard dimension can be the machinery or equipment (Burak, 2013). The ability of organizations to automate its processes of service delivery, develop new products and continuously seek to do things different are practices that are considered to enhance organization excellence.

Leadership capability is regarded by Alam et al., (2011) as the ability of leaders to use their charisma or knowledge to influence workers towards organizational goals. Leadership capability is viewed as the ability of leaders to involve employees in decision making process, motivate, mentor, delegate duties and implement change with minimal resistance (Quinn & Hilmer, 2014). Alhadid and Abu (2015) describe employee capability as the ability of workers to perform their duties more diligently based on the skills, knowledge and personalities possessed. Organizations that promote employee capability are likely to perform effectively unlike those organizations that consider employee development as a cost.

Employee capabilities are a subset of human capital typically attained through training that is continuously supported, sharpened and deployed (Khan, Humayun & Khan, 2015). According Ibrahim (2018) employee capabilities are skills and knowledge supported by work attitudes and their application in high-performance tasks and jobs that refer to the specified job requirements. Therefore, competent employees are an essential factor if a
company survives in a rapidly changing environment. Therefore, competent employees will significantly contribute to the entire organization's performance.

Product design capability is a key strategic practice in many companies as new products make a significant contribution to sales revenue and if companies may create unique products, they have the option of commanding premium prices (Ittner & Larcker, 2015). Dirisu, Iyiola and Ibidunni (2016) indicate that product design is a key factor in increasing the organization as it defines the qualities, functionality and efficiency of the service or product that customers need. The goal of product design is to build good or service of outstanding practical functionality and revenues at an acceptable cost and within a reasonable period.

1.1.2 Organizational Performance
Daft (2010) suggests that organizational performance is the ability of an organization to utilize its resources to achieve organizational goals in effective and efficient way. Federico and Magdalena (2011) performance can be defined as the way the organization carries its objectives into effect. In order to measure organizational performance, it can be seen from two perspectives, either financial or non-financial performance. Dimensions of financial performance can range from profitability, market value and also growth of organization. While, satisfaction of customer, employee satisfaction, innovation, quality and reputation are some aspects to measure non-financial performance.

Norton and Kaplan (2010) assert that performance perspectives which can be used to measure organizational growth include: financial perspective which entails measuring whether the organization is generating profits from its core businesses, customer
perspective which entail customer satisfaction on goods and services, internal business processes which involves continuous improvement of services using modern technology and finally innovation and learning, that entails ability of organizations to develop new products and services thus team learning and co-partnerships in the industry.

Benner and Tushman (2013) pointed out that organizational performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee relationships. Apospori, Nikandrou, Brewster and Papalexandris (2017) show that organizational performance can be appraised by return of investment, margin on sales, capacity utilization, customer satisfaction and product quality. The return on investment, sales and market growth, and profit are important factors that can be measured by organizational performance. The organizational performance in this study will be measured in terms of costs of operation, market share, customer service and innovations.

1.1.3 Pharmaceutical Industry in Kenya
Kenya National Bureau of Statistics (2012) argues that the pharmaceutical industry in Kenya consists of three sectors namely the manufacturers, distributors and retailers and all these play a major role in supporting the country’s health sector. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions’ market. There are more than 35 licensed pharmaceutical manufacturers in Kenya which include local manufacturing companies and large multinational corporations, subsidiaries or joint ventures.
Among the local manufacturing companies in Kenya include: Cosmos limited, Dawa limited and Universal pharmaceuticals. Most of these companies are located within Nairobi and its environs. These companies repackage formulated drugs and process bulk drugs into doses using imported active ingredients (Kenya Association of Manufacturers, 2017). There are over 14,000 registered pharmaceutical products in Kenya. The government, through Kenya Medical Supplies Agency (KEMSA) is the largest purchaser of drugs manufactured both locally and imported. It buys about 30% of the drugs in the Kenyan market through an open-tender system and distributes them to government medical institutions. The pharmaceutical products are channeled through pharmacies, health facilities and shops. There are about 297 registered wholesale and 3859 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists (GoK, 2017). Pharmacy and Poisons Board (2018) ascertains that the generic pharmaceutical market in Kenya is expected to grow more rapidly than the market for branded pharmaceuticals and this is expected to be driven largely by increased government purchases of generics and the price-sensitive nature of the overall market. Despite the fact that pharmaceutical manufacturing firm in Kenya are striving to performance, it is observed that they are hindered by numerous challenges such as competition, change of technology, change or regulation and influence of globalization thus the need to rethink on strategic management capabilities in order to perform.
1.2 Statement of the Problem

Despite the opportunities presented by globalization of business, the results of pharmaceutical companies have been unsatisfactory in terms of profits generated (Adhiambo, 2018). According to a report by Pharmacy and Poisons Board (2018), an approximate of 53% of the pharmaceutical companies established in Kenya not only not performing effectively due to financial constraints but also due to inappropriate strategies adopted. In this regard, the current study sought to examine the relationship between strategic management capabilities and performance of pharmaceutical companies in the Kenyan context.

Owuor (2018) point out those changes in regulations, competition, high chances of failure, stagnation and closure of some pharmaceutical companies are some of the issues of concern that are attributed to underperformance of pharmaceutical companies. Like any other competitive enterprise, rethinking on strategic management capabilities were not only enable pharmaceutical companies navigate in the turbulent business environment but also sustain their competiveness (Njaaga, 2017). Despite extensive studies have been conducted by Owuor (2018), Adhiambo (2018), and Njaaga (2017), it is noted that there exist deficiencies in evidence on the link between strategic management capabilities on organizational performance thus pertinence of this study in the pharmaceutical companies in Kenya.

A study by Khan and Huda (2016) investigated the impact of strategic management on the performance of health care organizations and found that there is strong positive impact of strategic management on level of competition and organizational performance. However,
The study used interviews to collect data which resulted in qualitative data which involves few respondents and thus create a problem in having findings which are not representative of the whole population. Kasera (2017) study examined the relationship between strategic management capability and performance of Health Institutions in Nairobi County and established that a negative correlation between leadership capability and organizational performance. However, the study relied on secondary data which cannot be representative of a wider population and lack authenticity. Therefore, this study sought to investigate the influence of strategic management capabilities on performance of pharmaceutical companies in Nairobi City County, Kenya.

1.3 Objectives of the Study

This section covers general objective and specific objectives of the study as shown below:

1.3.1 General Objective

The general objective of this study was to investigate the influence of strategic management capabilities on performance of pharmaceutical companies in Nairobi City County, Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

i. To examine the influence of technological capability on performance of pharmaceutical companies in Nairobi City County, Kenya

ii. To establish the influence of leadership capability on performance of pharmaceutical companies in Nairobi City County, Kenya

iii. To identify the influence of employee capability on performance of pharmaceutical companies in Nairobi City County, Kenya

iv. To determine the influence of product design capability on the performance of pharmaceutical companies in Nairobi City County, Kenya
1.4 Research Hypotheses

This study was guided by the following research hypothesis:

**H01** There is no significant relationship between system capability and performance of pharmaceutical companies in Nairobi City County, Kenya

**H02** There is no significant relationship between leadership capability and performance of pharmaceutical companies in Nairobi City County, Kenya

**H03** There is no significant relationship between employee capability and performance of pharmaceutical companies in Nairobi City County, Kenya

**H04** There is no significant relationship between product design capability and performance of pharmaceutical companies in Nairobi City County, Kenya

1.5 Significance of the Study

The study would assist the management of Pharmaceutical companies in Kenya in providing knowledge on the influence of strategic management capability on their performance and also use the study findings as a basis of formulation and implementation management capabilities that can enhance their performance. The results of the study would also assist the management of other organizations in the health sector in Kenya in formulating policies that can assist their companies to improve their service delivery through better and more efficient processes. This would help them create fair competition and improve the pharmaceutical industry with a general aim of promoting development of the economy. The study would also act as a source of reference material for future researchers on other related topics. Further, it would help other academicians who would undertake the same topic in their studies.
1.6 Scope of the Study
This study was carried out in Nairobi City, County, Kenya. Strategic management capability was measured in terms of technology capability, leadership capability, employee capability and product design capability. The unit of analysis was pharmaceutical companies and the unit of observation was employees working with these pharmaceutical companies. Data was collected using questionnaires. Performance of pharmaceutical companies was based on the past 5 years (2016 – 2021).

1.7 Limitations of the Study
The study was limited due to respondents fear to disclose relevant information for the study. However, the researcher overcame this by assuring the respondents of strict confidentiality of any information disclosed. The study relied on questionnaires with both closed and open ended questions to collect data. Closed ended questions have the disadvantage of limiting the responses whereby the respondent is compelled to answer questions according to the researcher’s choice. However, to overcome this, the researcher ensured that the questions were thought out and comprehensive enough to cover all important aspects of the study objectives. The study focused on busy senior managers and scheduling appropriate timings was a challenge and might lead to continuous re-scheduling of meetings. However, the researcher kept to appointments by the management.

1.8 Organization of the Study
This project includes the following five chapters. Chapter one comprise the background to the study, research problem, objectives of the study, purpose of the study, research questions, significance of the study, scope of the study, limitation of the study and
assumptions of the study. Chapter two highlight theoretical review, empirical review, conceptual framework, knowledge gaps and summary of the literature review. Chapter three covers of the research methodology, that is, research design, target population, sampling design and sample size, research instruments, pilot study, data collection procedures, data analysis and presentation and ethical issues. Chapter four covers the research findings and discussions and chapter five covers the summary, conclusions, recommendations and suggestions for further studies.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers theoretical review, empirical review, summary of literature review and research gaps and conceptual framework.

2.2 Theoretical Review

This section covers theories that were used to anchor the study. These theories include; Resource based view theory, dynamic capability theory and diffusion of innovation theory.

2.2.1 Resource Based View Theory

The resource-based view of the firm propounded by Barney in 1991 is regarded as one of the theories of strategic management that is widely referenced particularly because its practical relevance to contemporary management practices. The theory views a firm as an entity with unique resources and capabilities that can be utilized to achieve stakeholder expectations. The theory opines that resources are stocks of available factors that are owned or controlled by the firm and can be converted into final products or services.

Firms are entitled to depend on a large number of suppliers to supply them with the necessary resources that the firm requires so as to gain way in accessing resources that are valuable to enhance the capability (Galbreath, 2005). Therefore, the theory contends that capability is the firm’s capacity to deploy resources, usually in combination, using organizational processes to produce a desired effect. The theory ascertains that sustainable competitive advantage can only be realized if resources are valuable, rare, imitable and cannot be substitutable. Resources such as assets, capabilities, organizational processes, firm attributes, information and knowledge if effectively managed can result to operational
efficiency and effectiveness.

The theory acknowledges that a firm can use its unique demographic characteristics such as the history, age, ownership, human resources and physical facilities to gain competitive advantage. The theory underpins the study on the premise that pharmaceutical companies can utilize their tangible and intangible resources and capabilities such as technology, leadership and human resources to facilitate their competitiveness.

2.2.2 Dynamic Capability Theory
The study was guided by dynamic capability theory as propounded by Teece, Pisano and Shuen in the year 1997 who view dynamic capability as the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments. Teece et al. (1997) further indicate that the proponents of dynamic capability theory argue that a firm’s competitive advantage depends on the ability of the firm to perform five key functions namely: reconfiguring, transforming and recombining assets and resources in order to form a new resource base; developing mechanism which will make the competitors incapable of replicating firm’s processes and systems; Deploying resources into new domains; embracing learning strategies in order to ensure continuous skill development for employees with new skills which will facilitate effective and efficient performance of tasks; and Integrating and coordinating assets and resources emerging out of new resource base.

Dynamic capability theory view the firm’s ability to integrate, build and reconfigure internal and external competencies to address the rapidly changing environments as the sources of firms’ competitive advantage. Chowdhury and Quaddus (2017) posit that
dynamic capability is the capacity of an organization to create, extend or modify its resource base purposefully and that dynamic capability should be built in the organization such that they become organizational routines that are embedded in the organization over time. The basic assumption of dynamic capability theory is that it sheds light on short-term competitive positions that can be used to build longer competitive advantage and consequently to lead to long-run survival of the organization.

This theory is relevant to the study considering that the responsiveness of a firm’s resource view to increasingly turbulent environments is associated with competitive advantage, dynamic capabilities are of inherent strategic relevance to an organization. Organizations also need dynamic capabilities in markets characterized by lower rates of change, in order to keep pace with competitive dynamics.

### 2.2.3 Diffusion of Innovation Theory

Diffusion of innovation (DOI) as propounded by Rogers in the year 1971 is a theory explaining why and to what extent a new idea or technology reaches individuals or organizations in a social system. The DOI theory, which is based on psychological and sociological theories, is perhaps the most used innovation adoption theory in ICT adoption. Rogers (1995) defines innovation diffusion as the process by which an innovation is communicated through communication channels over times among the members of a social system. In DOI, adoption is the acceptance of innovation taking place in five steps: knowledge, persuasion, decision, implementation and confirmation.

DOI suggests that perceived characteristics of an innovation, such as relative advantage, compatibility, complexity, triability and observability, determine the adoption or rejection
of an innovation (Lin, 2013). Irani, Ahmad, Amer, Qutaifan and Alhilali (2013) show that in the DOI theory, the pattern of communication flow determines the pattern of adoption across the members of the adopting social system. The informed users are persuaded to adopt the innovations. Technology adoption enables the pharmaceutical companies to automate the already existing structures for effective service delivery. The tenets of this theory illustrate how the diffusion of technology in a given geographical area influences the acceptance of a related innovation that applies the already existing systems. This theory is used to explain technology adoption variable because for the pharmaceutical companies to enhance their performance, the management must learn how to quickly leverage new technologies to ensure that their workforces improves their productivity.

2.2.4 Transformative Leadership Theory
The study adopted Burns Transformational Leadership theory, which was propounded by Burns, (1978). The theory envisaged that the leader’s ability to lead is based on the social value and individual purpose. The theory focuses on motivations and values in assessing how a leader approaches power. This aspect of having that basic ethical system sets transformational leaders apart from those merely aspiring to be in power and therefore they are in a position to drive performance and organization competitive advantage.

Transformational leadership is people-centric as well as egocentric. However, it is viewed to embrace ethical behavior and guides people with the existing values, goals, capabilities and other resources the followers have through these stages of development. In line the context of this study, pharmacies are in a better position to implement integrated talent management processes to achieve competitive advantage by embracing this type of
leadership style, which is people-oriented. The study found this theory relevant to second objective which was to establish the influence of leadership capability on performance of pharmaceutical companies in Nairobi city County, Kenya.

2.3 Empirical Review

This section deals with the review of empirical studies based on the study specific objectives which are presented as follows.

2.3.1 Technology Capability and Performance

Tang, Park, Agarwal and Liu (2020) studied the impact of innovation culture, organization size and technological capability on the performance of SMEs. Three separate sets of multi-stage hierarchical regression analyses were employed to estimate the effects of the key explanatory variables for the dependent variable. The first set of regression models covered all 1124 firms in both the manufacturing and service industries. The study used data from 1124 SMEs in China and applied regression analysis to test hypotheses. The findings were that technological capability and organization size have a statistically positive effect on the performance of SMEs. A cross sectional survey research design that was used does not determine the cause.

The impact of information technology capabilities and SME efficiency was studied by Nabeel-Rehman and Nazri (2019): An understanding of a multi-mediation model for the manufacturing sector. By using the partial least square (PLS) technique with a sample of 489 manufacturing SMEs in Pakistan, this research empirically tests a theoretical model based on the Dynamic Capability View (DCV). By adopting the cluster sampling method, a survey is used for the collection of data. The results of the study indicate that the
relationship between both dimensions of IT capability and performance results is significantly influenced by absorptive capacity and corporate entrepreneurship. However, the study used qualitative data in which the findings may not be sufficient for generalization to the whole population.

Otiso (2017) researched the effects of technological capabilities on company performance: the Nzoia sugar company case study. In this research, a case study and survey designs were employed. To sample 210 respondents, a random stratified sampling technique was used. Data collection tools consisting of questionnaires and interview schedules. Data was obtained and analyzed using descriptive and inferential statistics at a confidence level of 95 percent. The results of the study were focused on sugar company efficiency and therefore policy guidelines and practices could not be applied in pharmaceutical industry. Pearson’s correlation analysis was used which assumes that there is always a linear relationship between the variables which might not be the case at all times.

2.3.2 Leadership Capability and Performance
Ibrahim and Daniel (2019) assessed the impact of leadership capabilities on organizational performance of Coca Cola Company in Abuja, the Federal Capital City, Nigeria. Secondary data were obtained through books, journals, internet and company information, and empirical works of other scholars. Pearson moment product co-efficient and regression analysis were used to test the hypotheses. The study established that the style of leadership a manager adopted has a direct effect on the organizational performance of the employee. The study discovered that participatory of leaders and delegation of duties enhances the employee performance and attainment of corporate goals and objectives. There was a
significant positive correlation between leadership capabilities and performance of Coca Cola Company. However, the study used secondary data in which data may be old and out of date.

In Mombasa County, Mulonzi, Namusonge and Mugambi (2017) sought to assess the impact of leadership capabilities on the growth of commercial banks. A cross-sectional sample assuming a parallel method of triangulation was adopted by the researchers. The research population consisted of 43 commercial banks, of which the Yamen formulae were used to sample 39 commercial banks. For the sampling of four banks whose regional managers were used for interviewing, systematic sampling was used. Questionnaires, unstructured interviews and paper analysis were the tools used for data collection. The study found that leadership skills were a major determinant of commercial bank development. However, the utilized cross-sectional research design that is not effective in generalizing findings.

Syahierah, Rohana, and Abdullah (2017) assessed the effect of leadership capabilities and organizational performance in Selangor, Malaysia. The study used cross-sectional research design. The unit of analysis was 15 manufacturing firms in Malaysia. Data was collected through the use of interview schedules. The findings were that leadership capabilities can directly impact organizational performance. The suggested intelligences needed by a leader are social intelligence, emotional intelligence, cognitive intelligence, interpersonal intelligence and intrapersonal intelligence. However, the study used a simple random sample that was limited to the entry of a sample representative of the entire population.
2.3.3 Employee Capability and Performance

The effects of employee capacity on the competitive advantage of information technology companies in Nairobi City County, Kenya, was analyzed by Chepkole and Deya (2019). In this analysis, a descriptive research design was employed. The study's target population consisted of 143 owners of IT companies in Nairobi City County. The study adopted census survey since the population of the study was small. The study found that the key staff of the firm had undergone adequate training in various areas of IT. The key staff of the firm have adequate knowledge of the organizational culture. The research revealed that capacity for human resources was inverse in influencing IT firms' competitive advantage in Nairobi County. However, regression model was selected and tested for generality as the only diagnostic test of the model.

Khaemba (2017) studied the effect of employee capability through training and development on performance of Kakamega general hospital. The study adopted the exploratory research design and quota sampling technique to select 100 respondents. Data were analyzed using descriptive statistics. The findings revealed that there exists a significant relationship between employee capability on organizational performance. However, the research tool was tested only for validation but not for reliability.

Mohamud et al., (2015) studied the influence of employee capabilities on performances of selected companies in Mogadishu Somalia. A Case study research design was used to choose 111 respondents. Data was analyzed using descriptive and multiple regression. The findings indicated that without human resource empowerment, attaining organizational goals can be a challenging task. Inability of workers to innovate and develop new products
is attributed by lack of appropriate knowledge among workers. Employee capabilities had
a positive influence on organizational performance. However, cluster sampling was used
which has the potential for high sample error.

2.3.4 Product Design Capability and Performance
Kamakia (2014) study examined effect of product design on performance of commercial
banks in Kenya. The study adopted a cross-sectional survey design approach. The
population of the study comprised of (43) forty-three commercial banks. The study used
both primary and secondary data. Primary data was collected with the aid of a self-
administered semi-structured questionnaire. The study concluded that product innovation
impacts on customer satisfaction and that the reputation in the market makes the bank stand
out. The study recommends that commercial banks should aim at product design to enhance
customer satisfaction. The organisation strategy and goals should always be tailored to
promoting innovation.

Mbithi, Muturi and Rambo (2015) study looked at how product design capability affects
the performance in Sugar Industry in Kenya. The population of this study comprises of
both parastatal and private companies in the sugar industry in Kenya totaling to nine
companies by 2014. One hundred and twenty (120) respondents are targeted to fill the
questionnaire and one from each company for interview questions. The study’s results
show that introduction of other new products other than sugar has largely been minimal
while improvement of existing products has adopted through packaging and branding.
Liu, Lin and Huang (2014) study examined the effects of product design capability on operating performance in textile industry. The target population was 450 comprising of supervisors, employees, and customers of Tainan Spinning. Questionnaires were used as data collection instruments. The research results show more successful product development could better enhance operating performance in textile industry. Apparently, electronic marketing has largely changed consumers’ purchase behaviors. Especially, consumers do not need to shop on streets, but relaxingly purchase desired goods through the Internet. Online shopping therefore has become the trend for modern people.

2.4 Summary of Literature Reviewed and Research Gaps

The empirical review highlights studies that have been done by other scholars on strategic management capabilities and organizational performance. From the reviewed literature, most studies were mostly based on developed countries. For instance, The impact of information technology capabilities and SME efficiency was studied by Nabeel-Rehman and Nazri (2019). The results of the study indicate that the relationship between both dimensions of IT capability and performance results is significantly influenced by absorptive capacity and corporate entrepreneurship. However, the study used qualitative data in which the findings may not be sufficient for generalization to the whole population.

Syahierah, Rohana, and Abdullah (2017) assessed the effect of leadership capabilities and organizational performance in Selangor, Malaysia and the findings were that leadership capabilities can directly impacts on organizational performance. However, the study used a simple random sample that was limited to the entry of a sample representative of the entire population. Mohamud et al., (2015) studied the influence of employee capabilities
on performances of selected companies in Mogadishu Somalia and employee capabilities had a positive influence on organizational performance. However, cluster sampling was used which has the potential for high sample error. Liu, Lin and Huang (2014) study examined the effects of product design capability on operating performance in textile industry and the research results show more successful product development could better enhance operating performance in textile industry.

Therefore, this current study sought to examine how strategic management capabilities influences organizational performance of pharmaceutical companies in Nairobi City County, Kenya. Table 2.1 shows a summary of the literature reviewed and the corresponding research gaps identified. That guided the researcher as they attempt to bridge the gaps identified in previous studies.
<table>
<thead>
<tr>
<th>Author</th>
<th>The Focus of the Study</th>
<th>Methodology and Findings</th>
<th>Knowledge Gaps</th>
<th>The Focus of the Current Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tang, Park, Agarwal and Liu (2020)</td>
<td>Studied the impact of innovation culture, organization size and technological capability on the performance of SMEs: The case of China.</td>
<td>Multi-stage hierarchical regression analyses</td>
<td>A cross sectional survey research design that was used does not determine the cause</td>
<td>The study used descriptive research design</td>
</tr>
<tr>
<td>Nabeel-Rehman and Nazri (2019)</td>
<td>The Impact of information technology capabilities and SME efficiency</td>
<td>Partial least square (PLS) technique and cluster sampling method</td>
<td>The study used qualitative data in which the findings may not be sufficient for generalization to the whole population</td>
<td>The study used quantitative data</td>
</tr>
<tr>
<td>Otiso (2017)</td>
<td>researched the effects of technological capabilities on company performance: the Nzoia sugar company case study.</td>
<td>In this research, a case study and survey designs were employed.</td>
<td>Pearson’s correlation analysis was used which assumes that there is always a linear relationship between the variables which might not be the case at all times.</td>
<td>The study used regression analysis to establish the relationship between variables</td>
</tr>
<tr>
<td>Ibrahim and Daniel (2019)</td>
<td>Assessed the impact of leadership capabilities on organizational performance of Coca Cola Company in Abuja, the Federal Capital City, Nigeria</td>
<td>Descriptive analysis and Pearson Moment correlation</td>
<td>The study used secondary data in which data maybe old and out of date.</td>
<td>The study used primary data</td>
</tr>
<tr>
<td>Authors</td>
<td>Description</td>
<td>Methodology</td>
<td>Findings/Additional Details</td>
<td>Additional Details</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Mulonzi, Namusonge and Mugambi (2017)</td>
<td>To establish the effect of leadership capabilities on the growth of commercial banks in Mombasa County.</td>
<td>The study adopted a cross-sectional survey assuming a concurrent triangulation method.</td>
<td>The study utilized cross-sectional research design that is not effective in generalizing findings.</td>
<td>The study used descriptive research design</td>
</tr>
<tr>
<td>Syahierah, Rohana, and Abdullah (2017)</td>
<td>Assessed the effect of leadership capabilities and organizational performance in Selangor, Malaysia</td>
<td>The study used cross-sectional research design.</td>
<td>The study used a simple random sample that was limited to the entry of a sample representative of the entire population.</td>
<td>The study used stratified sampling method to ensure all cases are well represented</td>
</tr>
<tr>
<td>Chepkole and Deya (2019)</td>
<td>The effects of employee capacity on the competitive advantage of information technology companies in Nairobi City County, Kenya</td>
<td>A descriptive research design was employed</td>
<td>Regression model was selected and tested for generality as the only diagnostic test of the model.</td>
<td>Analysis followed descriptive analysis that is effective for diagnostic testing of a model</td>
</tr>
<tr>
<td>Khaemba (2017)</td>
<td>Studied the effect of employee capability through training and development on performance of Kakamega general hospital.</td>
<td>The study adopted the exploratory research design and quota sampling technique</td>
<td>The research tool was tested only for validation but not for reliability.</td>
<td>The study tools were tested both for validity and reliability</td>
</tr>
<tr>
<td>Mohamud et al., (2015)</td>
<td>Studied the influence of employee capabilities on performances of selected companies in Mogadishu Somalia.</td>
<td>A Case study research design was used to choose 111 respondents</td>
<td>Cluster sampling was used which has the potential for high sample error.</td>
<td>The study used stratified sampling</td>
</tr>
<tr>
<td>Source: Researcher (2021)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Kamakia (2014)</strong></td>
<td>Product design on performance of commercial banks in Kenya</td>
<td>Product innovation impacts on customer satisfaction and that the reputation in the market makes the bank stand out</td>
<td>The study focused on commercial banks’ performance</td>
<td>The study focused on pharmaceutical companies performance</td>
</tr>
<tr>
<td><strong>Mbithi et al. (2015)</strong></td>
<td>How product design capability affects the performance in Sugar Industry in Kenya</td>
<td>Introduction of other new products other than sugar has largely been minimal while improvement of existing products has adopted through packaging and branding</td>
<td>The study focused on sugar industry performance</td>
<td>The study focused on pharmaceutical companies performance</td>
</tr>
<tr>
<td><strong>Liu et al. (2014)</strong></td>
<td>Effects of product design capability on operating performance in textile industry</td>
<td>More successful product development could better enhance operating performance in textile industry</td>
<td>The study focused on textile industry performance</td>
<td>The study focused on pharmaceutical companies performance</td>
</tr>
</tbody>
</table>
2.5 Conceptual Framework

Independent Variables

Technology capability
- Service automation
- ICT equipment

Leadership capability
- Delegation
- Employee training
- Change implementation

Employee capability
- Skills
- Knowledge
- Personality

Process design capability
- Features
- Product mix
- Unique products

Dependent Variable

Organizational performance
- Operational efficiency
- Quality service
- Innovation

Figure 2.1: Conceptual Framework

Source: Researcher (2021)

Figure 2.1 shows the relationship between variables whereby the independent variables include technological capability, leadership capability, employee capability and product design capability. The dependent variable is organizational performance.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection procedure, data analysis and ethical considerations.

3.2 Research Design

A research design is a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the finding Meyers (2016) or a plan that describes how, when and where data are to be collected and analyzed (Lewis, 2015). This is the strategy that a researcher use to conduct his research by testing the hypothesis and answering of the research question or even the way one tries to obtain the information needed for his study in order to acquire the desired results for the study (Kratochwill, 2015). Descriptive research design was adopted in this study research process: Surveys are popular amongst management students, especially in the field of strategic management.

3.3 Target Population

Population refers to the aggregate collection of units about which the researcher wishes to make some inferences (Guest, 2010). The unit of analysis was 27 pharmaceutical companies operating in Nairobi City County, Kenya and registered by the Pharmacy and Poisons Board as at 1st August 2019 (www.ppb.co.ke) as shown in appendix V. The unit of observation was 324 employees who include; customer service representatives, operations managers, procurement managers, marketing managers and production managers. These companies were preferred in this study based on the fact that they have
strategic management capabilities an aspect pertinent in this study. This is shown in Table 3.1.

Table 3.1: Distribution of Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service representatives</td>
<td>108</td>
</tr>
<tr>
<td>Operations managers</td>
<td>54</td>
</tr>
<tr>
<td>Procurement managers</td>
<td>54</td>
</tr>
<tr>
<td>Marketing managers</td>
<td>54</td>
</tr>
<tr>
<td>Production managers</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>324</strong></td>
</tr>
</tbody>
</table>


3.4 Sampling Design and Sample Size

Gorospe, Donahue and Karl (2015) observe that sampling allows collection and analysis of data for a smaller portion of the population which must be a representative of the entire population and then apply the results to the whole population. Stratified sampling method was used to sample the respondents according to their department in order to ensure representativeness of all the cases. Simple random sampling method was used to select the respondents. The study used a sample size formula by Taro Yamane (1967) assuming an error term of 5%.

\[
    n = \frac{N}{1+N(e)^2}
\]

\[
    n = \frac{324}{1+324*(0.05)^2}
\]

\[
    n = 179
\]
The sample size was 179 respondents which represent 55.2% of the target population. The proportionate distribution of sample size was obtained using a factor of 0.552. This is shown in Table 3.2.

**Table 3.2: Distribution of Sample Size**

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sampling Factor</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service reps.</td>
<td>108</td>
<td>0.552</td>
<td>59</td>
</tr>
<tr>
<td>Operations managers</td>
<td>54</td>
<td>0.552</td>
<td>30</td>
</tr>
<tr>
<td>Procurement managers</td>
<td>54</td>
<td>0.552</td>
<td>30</td>
</tr>
<tr>
<td>Production managers</td>
<td>54</td>
<td>0.552</td>
<td>30</td>
</tr>
<tr>
<td>Marketing managers</td>
<td>54</td>
<td>0.552</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>324</strong></td>
<td><strong>0.552</strong></td>
<td><strong>179</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2021)*

### 3.5 Data Collection Instrument

The study used primary data that was collected using questionnaires. The study used primary data because it is much more accurate because it is directly collected from a given population. According to Kealy and Turner (2013) the use of questionnaires in data collection provides more structured responses to facilitate easy and quick answers from the respondents which are easier to code and statistically analyze. The questionnaires were structured into five sections ranging from A to F whereby section A collected data regarding the respondents background information, section B was based on technology capability variable, section C leadership capability variable, section D employee capability variable and section E organisational performance. The questions followed a likert scale whereby the respondents were required to rate questions as per their level of agreement.
3.6 Validity and Reliability of Instruments

3.6.1 Validity of the Instruments
Validity as described by Cooper and Schindler (2011) is the level at which instruments measure the constructions under investigation. Content validity which shows the level to which the questionnaires items can be easily understood by the respondents was used. It was evaluated by including the items in the questionnaire through their observation as a research expert to rate them based on their relevance and representation to the content domain. Criterion validity shows effective prediction of results in line with another related measure. In this case, assessment to check whether there is reflection of certain set of abilities was done using criterion validity. Evaluation of criterion validity was ensured through correlating the variables and if correlation value is high it was an indicator that the instrument items measures what they are meant for. Construct validity deals with assessing the level that the measures are correct to the variable studied. Construct validity therefore, was used to ensure that development of indicators are appropriately done based on the existing knowledge. Thus, the questions in the questionnaire were those that are relevant to the measures of the variable.

3.6.2 Reliability of the Instruments
The basic element and reliability was aimed at estimating the consistency of the measurement. Consistency means the level at which similar instrument when measured gives the similar results under diverse situations following that same process (Ranjit, 2015). Pilot study is a small test to assist the researcher in checking for the quality of the questionnaires and identify any weaknesses before going for the final data collection process (Orodho, 2005). According to Mugenda and Mugenda (2003), a pilot study with a sample of a tenth of the total sample with homogenous characteristics is appropriate for the
pilot study. Pilot testing is an important step in research process because it reveals vague questions and unclear instructions in the instruments. It also captures important comments and suggestions from the respondents that enable the researcher to improve on the efficiency of research instrument. Therefore, questionnaires were piloted to 18 respondents and these respondents were not included in the final data collection process. Cronbach's alpha reliability coefficient was used to show how reliable the questionnaires were. As per Morse, Barrett, Mayan, Olson and Spiers (2012) the alpha value of a reliable data collection tool should be greater than or equal to 0.70. Therefore, this study obtained an alpha value of 0.801 as shown in Table 3.3.

**Table 3.3: Results of Reliability Tests**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha (α)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology capability</td>
<td>0.825</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Leadership capability</td>
<td>0.799</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Employee capability</td>
<td>0.769</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Product design capability</td>
<td>0.800</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>0.811</td>
<td>Acceptable</td>
</tr>
<tr>
<td><strong>Aggregate score</strong></td>
<td><strong>0.801</strong></td>
<td><strong>Acceptable</strong></td>
</tr>
</tbody>
</table>

**Source: Pilot Study (2021)**

The results as presented in Table 3.3 is that the Cronbach’s Alpha values of technology capability, leadership capability, employee capability, product design capability and organizational performance were 0.825, 0.799, 0.769, 0.800 and 0.811 respectively. The overall aggregate score was at α=0.801. This shows that the alpha values of all the variables
studied were above 0.7 which showed that the reliability was good as recommended by Morse, Barrett, Mayan, Olson and Spiers (2012).

3.7 Data Collection Procedure

The researcher collected data collection authorization letter from Kenyatta University Graduate school. Then the researcher applied NACOSTI permit to allow collection of data from the pharmaceutical firms. The researcher collected data for the pilot test, questionnaires were then rectified to capture the data related to the study objectives. In order to prepare the required time for data collection, the researcher also consulted the management at each pharmaceutical company. Drop and pick method was used. In order to enable participants to complete their questionnaires successfully, the researchers carried out a follow up activity through reminders. The data collection process took two weeks to complete (14 days).

3.8 Data Analysis and Presentation

Primary data collected using questionnaires was cleaned, edited and sorted to facilitate data analysis. Responses from questionnaires were coded in the computer systems to facilitate quantitative data analysis. Statistical Package for Social Sciences (SPSS version 20) were used to facilitate analysis of data using quantitative statistics. Descriptive statistics such as mean scores, frequency distribution tables, standard deviation and percentage were used to describe the general behaviour of data. To determine the predictive power of individual independent variables on the dependent variables, inferential statistics such as correlation and regression methods were used. Coefficient of determination R-square was used to determine the statistical relationship of individual predictor variables on the dependent
variable at 5% significance. The general linear regression model which was adopted was of the form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Whereby

- \( Y \) = Organizational performance
- \( X_1 \) = Technology capability
- \( X_2 \) = Leadership capability
- \( X_3 \) = Employee capability
- \( X_4 \) = Product design capability

\( \beta_1 - \beta_4 \) are coefficients of determination
\( \varepsilon \) is the error term

3.9 Ethical Consideration

Before data collection, the researcher sought permission from Kenyatta University Kenyatta University and National Commission for Science, Technology and Innovation (NACOSTI) and management of pharmaceutical companies in Nairobi City County, Kenya. Further, before administrations of questionnaires to respondents, informed consent was sought through the use of an introduction letter to the participants clearly indicating the objective of the study. The participants were ensured that the data collected was confidential, these were ensured by not indicating their names or the names of their companies in the questionnaire. Information obtained from published sources was acknowledged by citing the authors. Respondents were assured of the publication of the final report thus transparency of the research findings to management of pharmaceutical companies, scholars and researchers.
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of data collected from the field. The response rate is given first followed by background information of the respondents, descriptive statistics and regression analysis.

4.2 Response Rate

A total 324 questionnaires were self-administered to the respondents who comprised of customer service representatives, operations managers, procurement managers, marketing managers and production managers was done. Their response rate is presented in Table 4.1.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>319</td>
<td>98.5</td>
</tr>
<tr>
<td>Non-response</td>
<td>5</td>
<td>1.5</td>
</tr>
<tr>
<td>Total</td>
<td>324</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The findings as presented in Table 4.1 show that out of 324 respondents who were given questionnaires, 319 respondents responded giving a response rate of 98.5% and the remaining 5 respondents did not respond giving a non-response rate of 1.5%. As per the recommendation by Baruch (2012) that a response rate of above 80% is sufficient for data analysis. Therefore, 98.5% study response rate was considered appropriate for data analysis. This meant that there was acceptance and credibility of the research findings of the study due to high response rate.
4.3 Demographic Characteristics

On the demographic characteristics of the respondents, the study sought information on the gender, age, level of education and work experience of the respondents. The results which were obtained are presented in the subsequent sections.

4.3.1 Gender of the Respondents

The study sought to establish how the gender of the respondents was represented in the study. The results are presented in Figure 4.1.

![Figure 4.1: Gender of the Respondents](image)

**Source:** Research Data (2021)

The results in Figure 4.1 show that male respondents accounted majority as indicated by 59.9% while female respondents accounted for 40.1%. The gender of the respondents was necessary to show a true representative of both men and women in the study which means giving equal importance to both men and women within the workplace.

4.3.2 Age of the Respondents

The study sought to establish how the age of the respondents was represented in the study. The results are presented in Table 4.2.
Table 4.2: Age of the Respondents

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 to 29</td>
<td>51</td>
<td>15.9</td>
</tr>
<tr>
<td>30 to 35</td>
<td>98</td>
<td>30.7</td>
</tr>
<tr>
<td>36 to 41</td>
<td>111</td>
<td>34.8</td>
</tr>
<tr>
<td>Above 42</td>
<td>59</td>
<td>18.5</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.2 shows that majority (34.5%) of the respondents were aged between 36 to 41 years, 30.7% aged between 30 to 35 years, 18.5% aged above 59 years and 15.9% aged between 24 to 29 years. There was need to have a diverse age groups of the respondents because according to Kunze, Boehm and Bruch (2018) age diversity of the workforce has a significant contribution to predict the employees’ performance and the organization as a whole.

4.3.3 Education Level of the Respondents

The study sought to establish how the age of the respondents was represented in the study. The results are presented in Figure 4.2.

Source: Research Data (2021)
The results as presented in Figure 4.2 show that majority (57.9%) had attained a degree level of education, 24.8% had Master’s degree, 16.6% diploma and 0.6% PhD. In this case, the respondent had the requisite level of literacy to participate in the study and provide the information of interest to the researcher. Kasika (2015) observe that the higher the education level the more are the effects of education and skill on organizational management.

4.3.4 Work Experience of the Respondents

Table 4.3: Work Experience of the Respondents

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1</td>
<td>14</td>
<td>15.9</td>
</tr>
<tr>
<td>2 to 3</td>
<td>47</td>
<td>30.7</td>
</tr>
<tr>
<td>4 to 5</td>
<td>112</td>
<td>34.8</td>
</tr>
<tr>
<td>Above 5 years</td>
<td>146</td>
<td>18.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>319</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.3 indicate that most (34.8%) of the respondents had worked for a period ranging from 4 to 5 years, 30.8% for 2 to 3 years, 18.5% above 5 years and 15.9% for less than 1 year. These results confirm that the respondents involved in this study had necessary experience about the strategic management capabilities on performance of the organization.

4.4 Descriptive Statistics

Descriptive statistics were used in analyzing the quantitative data which were based on Mean (M) and Standard Deviation (SD) generated using Statistical Package for Social Sciences (SPSS) version 17.0. The findings of the descriptive statistics were based on study specific variables and presented as follows:
4.4.1 Technology Capability

The study sought to examine the influence of technological capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The results are presented in Table 4.4.

Table 4.4: Technology Capability

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service automation enhances the performance of pharmaceutical companies</td>
<td>4.23</td>
<td>0.77</td>
</tr>
<tr>
<td>Use of ICT equipment speeds up workflow processes</td>
<td>4.05</td>
<td>0.95</td>
</tr>
<tr>
<td>Adoption of new technology allows the pharmaceutical companies to automate its functions</td>
<td>4.58</td>
<td>0.42</td>
</tr>
<tr>
<td>Adoption of technology in new systems helps the pharmaceutical companies to streamline both internal and external communication</td>
<td>4.45</td>
<td>0.55</td>
</tr>
<tr>
<td>Implementing the newest technology allows the pharmaceutical companies to connect with the best talent, all over the world, instantly</td>
<td>4.60</td>
<td>0.40</td>
</tr>
<tr>
<td>Technology adoption affects the performance of pharmaceutical companies</td>
<td>3.78</td>
<td>1.22</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>4.25</strong></td>
<td><strong>0.75</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.4 shows that the respondents agreed that technology capability influence the performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by the aggregate mean score of 4.25 and standard deviation of 0.753. These findings are in line with the findings of a study carried by Tang et al. (2020) the investigated the impact of innovation culture, organization size and technological
capability on the performance of SMEs and the findings were that technological capability and organization size have a statistically positive effect on the performance of SMEs. The respondents strongly agreed on the statements that implementing the newest technology allows the pharmaceutical companies to connect with the best talent, all over the world, instantly and that adoption of new technology allows the pharmaceutical companies to automate its functions with a mean score of 4.60 and 4.58 respectively and with respective standard deviations of 0.40 and 0.42 respectively. These findings concur with the findings of Otiso (2017) researched the investigated the effects of technological capabilities on company performance: the Nzoia sugar company case study and Pearson’s correlation analysis was used which assumes that there is always a linear relationship between the variables which might not be the case at all times.

The respondents agreed on the statements that adoption of technology in new systems helps the pharmaceutical companies to streamline both internal and external communication, service automation enhances the performance of pharmaceutical companies, use of ICT equipment speeds up workflow processes and that technology adoption affects the performance of pharmaceutical companies as shown by mean score of 4.45, 4.23, 4.05 and 3.78 respectively and respective standard deviations of 0.55, 0.77, 0.95 and 1.22. These findings are supported by the findings of a study carried out by Nabeel-Rehman and Nazri (2019) that examined the impact of information technology capabilities and SME efficiency and the results of the study indicate that the relationship between both dimensions of IT capability and performance results is significantly influenced by absorptive capacity and corporate entrepreneurship.
4.4.2 Leadership Capability

The study sought to establish the influence of leadership capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The findings are demonstrated in Table 4.5.

Table 4.5: Leadership Capability

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term planning support operational efficiency of pharmaceutical companies</td>
<td>3.70</td>
<td>1.30</td>
</tr>
<tr>
<td>Short term actions leads to the quality service of pharmaceutical companies</td>
<td>3.28</td>
<td>1.72</td>
</tr>
<tr>
<td>Pharmaceutical companies management has the potential to motivate employees</td>
<td>4.58</td>
<td>0.42</td>
</tr>
<tr>
<td>Pharmaceutical companies management direct strategic activities.</td>
<td>3.33</td>
<td>1.67</td>
</tr>
<tr>
<td>Leadership capability has a significant effect on performance</td>
<td>4.21</td>
<td>0.79</td>
</tr>
<tr>
<td>Leadership encourages and stimulates action from workers by innovating them in planning and decision making activities</td>
<td>3.86</td>
<td>1.14</td>
</tr>
<tr>
<td>Leadership is important because it sets a clear vision gives employees a better understanding of organizational direction and makes them realize their roles and responsibilities</td>
<td>4.71</td>
<td>0.29</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.95</strong></td>
<td><strong>1.05</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.5 shows that the respondents agreed that leadership capability influence the performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by the aggregate mean score of 3.95 and standard deviation of 1.05. These findings are in line with the findings of a study carried by Ibrahim and Daniel (2019) who assessed the impact of leadership capabilities on organizational performance of Coca Cola Company in Abuja, the Federal Capital City, Nigeria and established that the style of leadership a manager adopted has a direct effect on the organizational performance of the employee.
The respondents strongly agreed on the statements that leadership is important because it sets a clear vision gives employees a better understanding of organizational direction and makes them realize their roles and responsibilities and that pharmaceutical companies management has the potential to motivate employees as shown by mean score of 4.71 and 4.58 respectively and respective standard deviations of 0.29 and 0.42. This is in support of study findings observed by Mulonzi, Namusonge and Mugambi (2017) that sought to assess the impact of leadership capabilities on the growth of commercial banks and found that leadership skills were a major determinant of commercial bank development.

The respondents agreed on the statements that leadership capability has a significant effect on performance, leadership encourages and stimulates action from workers by innovating them in planning and decision making activities and that long term planning support operational efficiency of pharmaceutical companies as shown by mean score of 4.21, 3.86 and 3.70 respectively and respective standard deviations of 0.79, 1.14 and 1.30. This is in line with Syahierah et al. (2017) study that assessed the effect of leadership capabilities and organizational performance in Selangor, Malaysia and the findings were that leadership capabilities can directly impacts on organizational performance.

The respondents indicated to a moderate extent on the statements that pharmaceutical companies management direct strategic activities and that short term actions leads to the quality service of pharmaceutical companies as shown by mean score of 3.33 and 3.28 respectively and respective standard deviations of 1.67 and 1.72. This is in contrary to study findings observed by Ibrahim and Daniel (2019) who assessed the impact of leadership capabilities on organizational performance of Coca Cola Company in Abuja,
the Federal Capital City, Nigeria and established that the style of leadership a manager adopted has a direct effect on the organizational performance of the employee.

4.4.3 Employee Capability

The study sought to identify the influence of employee capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The findings are demonstrated in Table 4.6.

Table 4.6: Employee Capability

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The pharmaceutical companies links its recruitment and selection policy to the overall bank’s strategy</td>
<td>3.90</td>
<td>1.10</td>
</tr>
<tr>
<td>The pharmaceutical companies have established an active training and development policy formulated for its employees</td>
<td>4.63</td>
<td>0.37</td>
</tr>
<tr>
<td>The pharmaceutical companies have an active career planning policy for its staff</td>
<td>4.75</td>
<td>0.25</td>
</tr>
<tr>
<td>The management of pharmaceutical companies involves employees in making decision regarding the operations of the bank.</td>
<td>4.83</td>
<td>0.17</td>
</tr>
<tr>
<td>Pharmaceutical companies are able to retain an appropriate number of desired and qualified staff at all times.</td>
<td>3.95</td>
<td>1.05</td>
</tr>
<tr>
<td>The human resource plans implemented by the pharmaceutical companies are able to serve and meet the banks ultimate goal of adequate staff</td>
<td>4.39</td>
<td>0.61</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>4.41</strong></td>
<td><strong>0.59</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.6 shows that the respondents agreed that employee capability influence the performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by the aggregate mean score of 4.41 and standard deviation of 0.59. These findings are in line with the findings of a study carried by Khaemba (2017) who studied the effect of employee capability through training and development on performance.
of Kakamega general hospital and the findings revealed that there exists a significant relationship between employee capability on organizational performance.

The respondents strongly agreed on the statements that the management of pharmaceutical companies involves employees in making decision regarding the operations of the pharmaceutical companies, the pharmaceutical companies have an active career planning policy for its staff and that the pharmaceutical companies have established an active training and development policy formulated for its employees as shown by mean score of 4.83, 4.75 and 4.63 respectively and respective standard deviation of 0.17, 0.25 and 0.37. These findings are consistent with the findings of Mohamud et al., (2015) study that examined the influence of employee capabilities on performances of selected companies in Mogadishu Somalia and the findings indicated that without human resource empowerment, attaining organizational goals can be a challenging task.

The respondents agreed on the statements that the human resource plans implemented by the pharmaceutical companies are able to serve and meet the banks ultimate goal of adequate staff, pharmaceutical companies are able to retain an appropriate number of desired and qualified staff at all times and that the pharmaceutical companies links its recruitment and selection policy to the overall bank’s strategy as shown by mean score of 4.39, 3.95 and 3.90 respectively and respective standard deviation of 0.61, 1.05 and 1.10. This finding concur with Chepkole and Deya (2019) study that assessed the effects of employee capacity on the competitive advantage of information technology companies in Nairobi City County, Kenya and the study found that the key staff of the firm had undergone adequate training in various areas of IT.
4.4.4 Product Design Capability

The study sought to determine the influence of product design capability on the performance of pharmaceutical companies in Nairobi City County, Kenya. The findings are demonstrated in Table 4.7.

Table 4.7: Product Design Capability

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design capabilities positively influence organizational performance</td>
<td>4.60</td>
<td>0.40</td>
</tr>
<tr>
<td>High level of design integration is associated to superior company performance</td>
<td>4.07</td>
<td>0.93</td>
</tr>
<tr>
<td>Design management skills are associated to superior company performance</td>
<td>4.33</td>
<td>0.67</td>
</tr>
<tr>
<td>Elements of product form affect how consumer interpret and categorize products</td>
<td>4.10</td>
<td>0.90</td>
</tr>
<tr>
<td>Product form positively influence perceived quality and the propensity to purchase a product</td>
<td>4.51</td>
<td>0.49</td>
</tr>
<tr>
<td>Elements of product form influence consumers’ affective responses</td>
<td>4.22</td>
<td>0.78</td>
</tr>
<tr>
<td>Aggregate score</td>
<td>4.31</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The results as presented in Table 4.7 shows that the respondents agreed that product design capability influence the performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by the aggregate mean score of 4.31 and standard deviation of 0.69. These findings are in line with the findings of a study carried by Kamakia (2014) that examined effect of product design on performance of commercial banks in Kenya and the study concluded that product innovation impacts on customer satisfaction and that the reputation in the market makes the bank stand out.

The respondents strongly agreed on the statements that design capabilities positively influence organizational performance and that product form positively influence perceived quality and the propensity to purchase a product as shown by mean score of 4.60 and 4.51.
respectively and respective standard deviation of 0.40 and 0.49. This concurs with Mbithi, Muturi and Rambo (2015) study that looked at how product design capability affects the performance in Sugar Industry in Kenya and the study’s results show that introduction of other new products other than sugar has largely been minimal while improvement of existing products has adopted through packaging and branding.

The respondents strongly agreed on the statements that design management skills are associated to superior company performance, elements of product form influence consumers’ affective responses, elements of product form affect how consumer interpret and categorize products and that high level of design integration is associated to superior company performance as shown by mean score of 4.33, 4.22, 4.10 and 4.07 respectively and respective standard deviation of 0.67, 0.78, 0.90 and 0.93. This is in line with Liu, Lin and Huang (2014) study that examined the effects of product design capability on operating performance in textile industry and the research results show more successful product development could better enhance operating performance in textile industry.

4.4.5 Organizational Performance
The study sought to determine the performance of pharmaceutical companies in Nairobi City County, Kenya. The findings are demonstrated in Table 4.8.
Table 4.8: Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic management capability has led to increase in market share</td>
<td>4.51</td>
<td>0.49</td>
</tr>
<tr>
<td>Strategic management capability has led to increase in the number of</td>
<td>4.49</td>
<td>0.51</td>
</tr>
<tr>
<td>customers in pharmaceutical companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic management capability has increased operational efficiency</td>
<td>4.59</td>
<td>0.41</td>
</tr>
<tr>
<td>Strategic management capability has increased branch network in</td>
<td>4.53</td>
<td>0.47</td>
</tr>
<tr>
<td>pharmaceutical companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic management capability has enhanced service delivery in</td>
<td>4.44</td>
<td>0.56</td>
</tr>
<tr>
<td>pharmaceutical companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>4.51</strong></td>
<td><strong>0.49</strong></td>
</tr>
</tbody>
</table>

**Source: Research Data (2021)**

The results as presented in Table 4.8 shows that the respondents strongly agreed that strategic management capability influence the performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by the aggregate mean score of 4.51 and standard deviation of 0.49. This is in line with O’Regan and Ghobadian (2014) who indicates that strategic management capabilities enable firms to manage for the future by focusing on customer’s needs and requirements, while at the same time managing crises and problems arising in their operating environment and distinguishes between operational capabilities: common processes and techniques that can be learned and imitated.

The respondents strongly agreed on the statements that strategic management capability has increased operational efficiency in pharmaceutical companies, strategic management capability has increased branch network in pharmaceutical companies and that strategic management capability has led to increase in market share in pharmaceutical companies as shown by mean score of 4.59, 4.53 and 4.51 respectively and respective standard deviation of 0.41, 0.47 and 0.49. This finding agree with Benner and Tushman (2013) who pointed
out that organizational performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee relationships.

The respondents agreed on the statements that strategic management capability has led to increase in the number of customers in pharmaceutical companies and that strategic management capability has enhanced service delivery in pharmaceutical companies as shown by mean score of 4.49 and 4.44 respectively and respective standard deviation of 0.51 and 0.56. Apospori, Nikandrou, Brewster and Papalexandris (2017) show that organizational performance can be appraised by return of investment, margin on sales, capacity utilization, customer satisfaction and product quality.

4.5 Regression Analysis

The study carried out regression analysis to establish the degree to which independent variables that include; technology capability, leadership capability, employee capability and product design capability influenced the dependent variable (organizational performance). The results are presented as follows:

Table 4.9: Model Summary

<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>
<th>Change Statistics</th>
<th>Sources: Research Data (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.635</td>
<td>.703</td>
<td>.697</td>
<td>.271</td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25.810</td>
<td>.403</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>315</td>
<td>.000</td>
</tr>
</tbody>
</table>

The four independent variables that were studied, explain 0.697(69.7%) of the organizational performance of pharmaceutical companies in Nairobi City County, Kenya.
as represented by the adjusted R square. This therefore means that other factors not studied in this research contribute 0.303(30.3%) of the organizational performance.

Table 4.10: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>7.558</td>
<td>4</td>
<td>1.890</td>
<td>25.810</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>11.201</td>
<td>315</td>
<td>.073</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18.759</td>
<td>319</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

The value 0.000 shows the significance level is less than 0.05 showing a statistical significance of the model on how independent variables studied influenced the dependent variable. The results in Table 10 also indicate that F calculated value is greater than the value of F tabulated (25.810> 1.890) at 5% significance level confirming the significance of the model.

Table 4.11: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.681</td>
<td>.277</td>
<td></td>
<td>13.273</td>
</tr>
<tr>
<td>Technology capability</td>
<td>.620</td>
<td>.025</td>
<td>4.175</td>
<td>2.484</td>
</tr>
<tr>
<td>Leadership capability</td>
<td>.529</td>
<td>.013</td>
<td>2.142</td>
<td>2.143</td>
</tr>
<tr>
<td>Employee capability</td>
<td>.610</td>
<td>.021</td>
<td>1.051</td>
<td>1.762</td>
</tr>
<tr>
<td>Product design capability</td>
<td>.739</td>
<td>.037</td>
<td>3.584</td>
<td>9.203</td>
</tr>
</tbody>
</table>

Source: Research Data (2021)

From the above regression model, holding all the independent variables studied constant, the organizational performance of pharmaceutical companies in Nairobi City County, Kenya would be 0.68(68.1%). In addition, product design capability was found to have a
greater influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya at 0.739(73.9%) compared to technology capability at 0.620 (62.0%), employee capability at 0.610(61.0%) and leadership capability at 0.529(52.9%).

The established regression equation by the study was:

\[ Y = 0.681 + 0.620X_1 + 0.529X_2 + 0.610X_3 + 0.739X_4 \]

Where

- \( Y \) = Organizational performance
- \( X_1 \) = Technology capability
- \( X_2 \) = Leadership capability
- \( X_3 \) = Employee capability
- \( X_4 \) = Product design capability

The study established that technology capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by \( t \)-value (\( t=2.484, P<0.05 \)). These findings concur with the findings of Otiso (2017) researched the investigated the effects of technological capabilities on company performance: the Nzoia sugar company case study and Pearson’s correlation analysis was used which assumes that there is always a linear relationship between the variables which might not be the case at all times.

The study revealed that leadership capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by \( t \)-value (\( t=2.143, P<0.05 \)). This is in support of study findings observed by Mulonzi, Namusonge and Mugambi (2017) that sought to assess the impact of leadership capabilities on the growth of commercial banks and found that leadership skills were a major determinant of commercial bank development.
The study found out that employee capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by t-value (t=1.782, P<0.05). These findings are in line with the findings of a study carried by Khaemba (2017) who studied the effect of employee capability through training and development on performance of Kakamega general hospital and the findings revealed that there exists a significant relationship between employee capability on organizational performance.

The study found out that product design capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya as indicated by t-value (t=9.203, P<0.05). These findings are in line with the findings of a study carried by Kamakia (2014) that examined effect of product design on performance of commercial banks in Kenya and the study concluded that product innovation impacts on customer satisfaction and that the reputation in the market makes the bank stand out.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and recommendations for further studies.

5.2 Summary
The general objective of this study was to investigate the influence of strategic management capabilities on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The study specific objectives were to examine the influence of technological capability, leadership capability, employee capability and product design capability on organizational performance. Data was collected using questionnaires and analysed using descriptive statistics and regression analysis. The findings are presented as follows:

The study sought to examine the influence of technological capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The study established that technology capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. Implementing the newest technology allows the pharmaceutical companies to connect with the best talent, all over the world, instantly and that adoption of new technology allows the pharmaceutical companies to automate its functions.

The study sought to establish the influence of leadership capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The study revealed that leadership capability had a positive and significant influence on
organizational performance of pharmaceutical companies in Nairobi City County, Kenya. Leadership is important because it sets a clear vision gives employees a better understanding of organizational direction and makes them realize their roles and responsibilities and that pharmaceutical companies management has the potential to motivate employees.

The study sought to identify the influence of employee capability on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The study found out that employee capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The management of pharmaceutical companies involves employees in making decision regarding the operations of the bank, the pharmaceutical companies have an active career planning policy for its staff and that the pharmaceutical companies have established an active training and development policy formulated for its employees.

The study sought to determine the influence of product design capability on the performance of pharmaceutical companies in Nairobi City County, Kenya. The study found out that product design capability had a positive and significant influence on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. Design capabilities positively influence organizational performance and that product form positively influence perceived quality and the propensity to purchase a product, design management skills are associated to superior company performance, elements of product form influence consumers’ affective responses and that elements of product form affect how consumer interpret and categorize products.
5.3 Conclusions

The study concludes that technology capability enables that organization to gain the ability to streamline repetitive processes with automation and focus on their core competence such as building new client relationships or providing more attentive customer service. Technology in the workplace allows organizations to better market to their customers and provide faster and more personalized customer service. Technology capability allows organizations to reach wider audiences that are outside of their geographical area, which can be particularly useful for small niche offerings.

The study concludes that leadership capability promotes a culture of cohesion and collaboration within the workplace. The right and consistent leadership increases the productivity of employees, by investing in leadership training and organization will be able to retain its employee and reduce costly recruitment expenses. Increases employee engagement through effective ways in giving feedback to motivate and increase the skill level of employees.

The study concludes that employee capability ensures that organization-funded training and professional development activities are cost-effective, goal-oriented and productive. Enables employees to achieve a high level of competence in an efficient manner. Increases internal employee mobility, providing the organization with greater ability scale and flex as needed and establishes a framework for constructive feedback by management at scheduled training and performance appraisal intervals.

The study concludes that the pharmaceutical companies have a very effective product design implementation that has enhanced their performance by attracting more consumers, providing ease, and making services available to their customers. The pharmaceutical
companies enhance their performance as a result of having a product that is widely embraced, resulting in an increase in their customer base. Customers' complaints are minimized, and time to market for new products and services is shortened.

5.4 Recommendations for Policy and Practice

The study recommends that the organization should pay keen attention to importance of new technology, create an environment for technology innovation and constantly evaluate the maintenance strategies for efficient and effective operation of the pharmaceutical companies. The ICT managers in these pharmaceutical companies should exploit this capability and embrace digitalization of their processes in order for them to gain competitive superiority that will lead to better performance.

The study recommends that the organizational leadership should exercise discipline by making sure that they meet the deadlines of the given tasks, conducting meetings in the stipulated time frame. They should welcome criticism by keeping an open mind to welcome critical feedback from those working under them. The leaders should develop situational awareness by predicting potential issues that might happen in the near future and providing suggestions to alleviate them.

The study recommends that the organizations should make sure employees are clear about their work assignments means communicating those expectations well. Make sure performance appraisals are consistent by ensuring employees know where they stand at all times. Empower employees to do their jobs well and make them gain the authority to make decisions that have a huge impact on their success. Implement technology platforms that drive performance and engagement daily.
The study recommends that the pharmaceutical companies should create a solid understanding of their opportunities by looking at the entire market based on their customer to determine the actual potential. The pharmaceutical companies should have comprehensive parameters against which to screen new product and service ideas. Establish the elements that an idea must have to stay on the list. Obtain customers views when designing products or the services to design an effective user-centered product and launch a successful product as this will enable them increase sales of their products or services, improve market position and boost customer loyalty.

5.5 Suggestions for Further Studies
The current study examined the influence of strategic management capabilities on organizational performance of pharmaceutical companies in Nairobi City County, Kenya. The strategic management capabilities were measured in terms of technological capability, leadership capability, employee capability and product design capability. Therefore, this study suggests that further studies should be carried out that focus on other measurements of strategic measurement capabilities on organizational performance. In addition, the study context was pharmaceutical companies in Nairobi City County, Kenya. Therefore, other studies can be done that focus on pharmaceutical companies in other Counties.
REFERENCES


Irani, Z., Ahmad, N., Amer, N. T., Qutaifan, F., & Alhilali, A. (2013). Technology adoption model and a road map to successful implementation of ITIL. *Journal of Enterprise Information Management, 4*(5), 45 – 52


Owuor, E. D. (2018). *Strategic Planning and Performance of Pharmaceutical Manufacturing Firms in Kenya* (MBA Project, University of Nairobi)


APPENDICES

Appendix I: Introductory Letter

C/O
MWANGI TABITHA
D53/EMB/PT/38723/2017
KENYATTA UNIVERSITY, KENYA.

TO WHOM IT MAY CONCERN

Dear Respondent,

REF: MBA RESEARCH STUDY

I invite you to participate in a research study entitled: “Strategic Management Capability on Performance of Pharmaceutical Companies in Nairobi City County, Kenya.” I am currently pursuing a postgraduate degree in Business Administration at Kenyatta University and am in the process of writing my final research project. As a requirement for the award of the degree, I am required to collect data from your company to facilitate preparation of the final research project. The information collected will be purely used for academic purpose.

Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don’t wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire. There are no direct benefits to you for participating in this research. However, you may find it interesting to talk about the issues addressed in the research and it may be beneficial to the field and to future clients or individuals who have experienced similar concerns.

Thank you in advance.
Appendix II: Questionnaire

Please supply the required data by filling in the blanks where space is provided or by ticking \(\sqrt{\text{[ ]}}\) against the most appropriate answer.

Section A: Demographic Characteristics

1. Gender of Respondent
   a) Male \[ \]
   b) Female \[ \]

2. Age of the Respondent
   a) 24-29Years \[ \]
   b) 30-35Years \[ \]
   c) 36-41Years \[ \]
   d) Above 42 Years \[ \]

3. What is your Education Level?
   a) PhD. \[ \]
   b) Masters \[ \]
   c) Degree \[ \]
   d) Diploma \[ \]

4. How long have you worked in your company?
   a) Less than 1 Year \[ \]
   b) 2-3 Years \[ \]
   c) 4-5 years \[ \]
   d) Above 5 Years \[ \]
Section B: Technology Capability

To what extent do you concur with the following statements concerning the influence of technology capability on performance of pharmaceutical companies?

Using a likert-type scale of measurement 1= Strongly disagree; 2= disagree; 3=Neutral; 4=agree; 5=strongly agree tick on a single box below your level of agreement with the statements provided.

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<tr>
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<tbody>
<tr>
<td>Service automation enhances the performance of pharmaceutical companies</td>
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<td>Use of ICT equipment speeds up workflow processes</td>
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<td>Adoption of new technology allows the pharmaceutical companies to automate its functions</td>
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<td>Adoption of technology in new systems helps the pharmaceutical companies to streamline both internal and external communication</td>
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<td>Implementing the newest technology allows the pharmaceutical companies to connect with the best talent, all over the world, instantly</td>
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<td>Technology adoption affects the performance of pharmaceutical companies</td>
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5. In your own opinion, do you think technology capability influences the performance of pharmaceutical companies? Yes ( ) No ( )

6. If yes, how has it influenced the performance of pharmaceutical companies?

________________________________________________________________________

________________________________________________________________________

Section C: Leadership Capability

To what extent do you concur with the following statements concerning the influence of leadership capability on performance of pharmaceutical companies?
Using a likert-type scale of measurement 1= Strongly disagree; 2= disagree; 3=Neutral; 4=agree; 5=strongly agree tick on a single box below your level of agreement with the statements provided.

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<tr>
<td>Long term planning support operational efficiency of pharmaceutical companies</td>
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<td>Short term actions leads to the quality service of pharmaceutical companies</td>
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<td>Pharmaceutical companies management has the potential to motivate employees</td>
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<td>Pharmaceutical companies management direct strategic activities.</td>
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<td>Leadership capability has a significant effect on performance</td>
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<td>Leadership encourages and stimulates action from workers by innovating them in planning and decision making activities</td>
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<td>Leadership is important because it sets a clear vision gives employees a better understanding of organizational direction and makes them realize their roles and responsibilities</td>
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7. In your own opinion, do you think leadership capability influences the performance of pharmaceutical companies? Yes ( ) No ( )

8. If yes, how has it influenced the performance of pharmaceutical companies?

________________________________________________________________________
________________________________________________________________________

Section D: Employee Capability

To what extent do you concur with the following statements concerning the influence of employee capability on performance of pharmaceutical companies?

Using a likert-type scale of measurement 1= Strongly disagree; 2= disagree; 3=Neutral; 4=agree; 5=strongly agree tick on a single box below your level of agreement with the statements provided.
The pharmaceutical companies links its recruitment and selection policy to the overall bank’s strategy.

The pharmaceutical companies have established an active training and development policy formulated for its employees.

The pharmaceutical companies have an active career planning policy for its staff.

The management of pharmaceutical companies involves employees in making decision regarding the operations of the bank.

Pharmaceutical companies are able to retain an appropriate number of desired and qualified staff at all times.

The human resource plans implemented by the pharmaceutical companies are able to serve and meet the banks ultimate goal of adequate staff.

9. In your own opinion, do you think employee capability influences the performance of pharmaceutical companies? Yes ( ) No ( )

10. If yes, how has it influenced the performance of pharmaceutical companies?

________________________________________________________________________
________________________________________________________________________

**Section E: Product Design Capability**

To what extent do you concur with the following statements concerning the influence of product design capability on performance of pharmaceutical companies?

Using a likert-type scale of measurement 1= Strongly disagree; 2= disagree; 3=Neutral; 4=agree; 5=strongly agree tick on a single box below your level of agreement with the statements provided.

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<td>Design capabilities positively influence organizational performance</td>
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<td>High level of design integration is associated to superior company performance</td>
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</table>
Design management skills are associated to superior company performance
Elements of product form affect how consumer interpret and categorize products
Product form positively influence perceived quality and the propensity to purchase a product
Elements of product form influence consumers’ affective responses

11. In your own opinion, do you think product design capability influences the performance of pharmaceutical companies? Yes ( ) No ( )

12. If yes, how has it influenced the performance of pharmaceutical companies?
________________________________________________________________________
________________________________________________________________________

Section F: Organizational Performance

To what extent do you concur with the following statements concerning the performance of pharmaceutical companies?

Using a likert-type scale of measurement 1= Strongly disagree; 2= disagree; 3=Neutral; 4=agree; 5=strongly agree tick on a single box below your level of agreement with the statements provided.

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<tr>
<td>Strategic management capability has led to increase in market share in pharmaceutical companies</td>
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<td>Strategic management capability has led to increase in the number of customers in pharmaceutical companies</td>
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<td>Strategic management capability has increased operational efficiency in pharmaceutical companies</td>
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<td>Strategic management capability has increased branch network in pharmaceutical companies</td>
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<td>Strategic management capability has enhanced service delivery in pharmaceutical companies</td>
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Appendix III: Approval Letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail:  dean-graduate@ku.ac.ke
Website:  www.ku.ac.ke

Internal Memo

FROM:  Dean, Graduate School
TO:    Tabitha Mwangi
        C/o Business Administration Dept.

DATE:  26th August, 2021
REF:    D53/EMB/PT/38723/2017

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 25th August, 2021 approved your Research Project Proposal for the MBA Degree Entitled, “Strategic Management Capabilities and Organizational Performance of Pharmaceutical Companies in Nairobi City County, Kenya”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

[Signature]

HARERET ISABOK
FOR: DEAN, GRADUATE SCHOOL

cc. Chairman, Business Administration Department.

Supervisors:

1. Dr. David Kiuru
   C/o Department of Business Administration
   Kenyatta University
Appendix IV: Research Permit

This is to certify that Ms. TABITHA NYAMBURA MWANGI of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: STRATEGIC MANAGEMENT CAPABILITIES AND ORGANIZATIONAL PERFORMANCE OF PHARMACEUTICAL COMPANIES IN NAIROBI CITY COUNTY, KENYA for the period ending: 09/September/2022.

License No: NACOSTI/P21/12851

416610

Applicant Identification Number

Verification QR Code

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