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

GRACE WANJIRU NGUGI
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DECLARATION

I declare that this Project is my original work and has not been submitted for any award of degree in any other University. No part of this work can be reproduced without my permission or that of Kenyatta University.

Signature.................................. Date...........................

Name: Grace Wanjiru Ngugi

REG. NO: D53/PT/38387/2017

Approval by the Supervisor

This project has been submitted for examination with my approval as the University Supervisor.

Signature ....Date...26th/5/2021......

Name: Mrs. Esther Gitonga

Lecturer,

Department of Business Administration

School of Business

DEDICATION

This project is dedicated to my mother, Jacinta Wanjiru and siblings; Samuel Mungai and Benson Kinyanjui for their priceless support, inspiration and belief in me.

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First, I am thankful to the Almighty God who constantly reassures me that with Him, all things are possible. I would like to express profound gratitude to my supervisor, Mrs. Gitonga, for her invaluable support, encouragement, supervision and useful suggestions throughout this research work.

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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenyan Insurers
COMESA	Common Market for Eastern and South Africa
HOD	Head of Department
JKIA	Jomo Kenyatta International Airport
KAPI	Kenya Association of Pharmaceutical Industries
KEMSA	Kenya Medical Supplies Authority
LPGCs	Liquified Petroleum Gas Companies
MNCs	Multi-National Companies
R&D	Research and Development
SPSS	Statistical Package for Social Sciences
ANOVA	Analysis of Variance

OPERATIONAL DEFINITION OF TERMS

Competitive Strategies This applies to how a company has a competitive advantage in order to increase its efficiency by outdoing its rivals within its defined business context.

Cost Leadership Strategy This is a tactic used by businesses to gain competitive advantage by maintaining a low-cost edge among their rivals. In other phrases, by raising efficiency and effectiveness, reducing waste, or managing costs, a business is able to achieve competitive profits than its rivals.

Differentiation Strategy It is an technique that a organization uses to create a new product or service that clients can find superior than or otherwise different from rivals' items or services. The technique of distinction is a way for a company to differentiate itself from rivalry.

Focus Strategy A business strategy in which a business focuses its efforts in a limited market or industry segment on entering or expanding. Typically, a focus strategy is implemented where the business recognizes its niche and has goods to fulfill its needs profitably.

Generic strategies How a company pursues competitive advantage across its chosen market scope. They include lower cost, differentiated goods and focus strategy.

Performance Management and analytic processes that enables the management of an organization's performance to achieve one or more pre-selected goals.

ABSTRACT

Various reforms have been put in place to improve the performance of the pharmaceutical sector. In 2018, the Ministry of Health revamped the pharmaceutical sector to improve access to quality, safe and efficacious medicines and medical products. Other reforms included standardizing of procedures and practices in the pricing and distribution of pharmaceutical and non-pharmaceutical supplies to enable Kenyans to access affordable medical products in the country without financial hardship. There is therefore need for pharmaceutical manufacturing companies to come up with strategies to enhance their competitive advantage over the importing companies. The aim of this study was to analyze the generic strategies and performance of pharmaceutical manufacturing companies in Nairobi County, Kenya. The specific objectives were to: assess the effect of cost leadership strategy on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya, to examine the effect of differentiation strategy on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya and to evaluate the effect of focus strategy on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya. The study was informed by Porter's Five Forces Model and Resource Based View theory. The study used descriptive research design. The population of this study was all the 22 pharmaceutical manufacturing companies in Nairobi County. The target population was the CEO, general manager and marketing manager in the pharmaceutical manufacturing companies. The study was a census of all pharmaceutical manufacturing companies in Nairobi. A structured questionnaire was used for data collection. Content validity was conducted and Cronbach's alpha used to test for reliability. The study used primary data which was gathered from the managers. Data collected was organized in spreadsheets for the purpose of analysis. It was coded and entered into Statistical Package for Social Sciences (SPSS, Version 22.0) for analysis. Correlation and regression analysis were conducted to find the relationship between the independent and dependent variables. The findings showed that cost leadership strategy, product differentiation strategy and focus strategy positively and significantly influenced performance of pharmaceutical companies in Nairobi County, Kenya. The study concluded that managing the production expenses enhances business performance as a result of increased profit value. Additionally, the research concluded that lowering prices relative to that of competitors attracts more customers leading to increased sales volume. It was recommended that pharmaceutical firms should always aim at lowering the cost of production in order to reap optimal profits. However, these products should meet the quality demands in the market. It was also recommended that businesses should conduct customer satisfaction surveys in order to bridge the niche that may be identified. This way, businesses will be in a position to offer the relevant products and services and gain customer loyalty which eventually leads to increased profitability. In addition, it was recommended that non price competition strategies such as product packaging should be adopted by pharmaceutical firms to increase profitability. Customers would prefer to buy uniquely packaged products as they appear appealing. Future areas of study should focus on other competitive strategies since the three generic strategies that were identified did not account for 100% of the variation in performance of pharmaceutical firms.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The environment in which today's enterprises operate have been characterized by intense competition calling for the enterprises to become aggressive in securing strategies to enhance their competitiveness in order to boost their profitability levels (Mutuku, 2014). In a business climate that is characterized by intense competition, rivalry for potential customers, revenue sources and market segments are evident ((McFarlane, 2013). In the current era of rapid technological advancement, there is an increased demand for products and services at a relatively cheaper price. Furthermore, the intense competition among enterprises has resulted to shortening of the product life cycle. As a consequence, this has called for aggressiveness in maintaining organizational capabilities in order to make a competitive hedge against competing parties.

It has become a common phenomenon that firms need to have unique approaches to handle operations in the challenging business environment. It is thus agreeable that a competitive advantage puts a firm in a safe position to override its competitors and perform well in the market. In return, business sustainability is achieved. A business organization can hardly manage to take advantage of all the opportunities in the market place and are deemed to fail. An organization is termed as competitive if it has actually put in practice strategies that cannot be imitated by the competitors with ease (Thompson and Strickland, 2010). According to Nickols (2016), a strategy is a combination of operations undertaken by an enterprise in efforts to get to the future objectives. It is vital for firm to keep on tracking its environment in order to ensure that they adopt the best strategies which are in line with the forces in the market.

Porter (1983) avers that formal or informal competitive strategies exist in each and every business organization. Porter adds that in the future, the ability of a firm to adopt defensive mechanisms influences its survival chances in the future and ability to conquer competitors. As per the sentiment by Scholes, Johnson and Whittington (2002), evidence of a firm having competitive advantages is evidenced by the ability to perform well in the industry. Strategies that are competitive in nature as those that help the particular firm in luring new customers and survive in the pressures of competition thus adding value to customers and improving on performance.

As per SESRIC (2014), the global pharmaceutical industry has witnessed a rapid growth over the years and emerged as one of the fastest growing industries in the world. The value of the global pharmaceutical market was estimated to be $816bn in 2016 and is projected to have grown to $1.3 trillion by 2020, representing an annual growth rate of 4.9 percent. Several global demographic and economic trends are driving pharmaceutical consumption, including a rapidly aging world population and an associated rise in chronic diseases, increased urbanization and higher disposable incomes, greater government expenditure on healthcare and growing demand for more effective treatment (International trade administration (ITA) (2016). The volume of pharmaceutical industry surged from USD 647 billion in 2005 to USD 875 billion in 2010, corresponding to an increase of 35.2%.

In Sub Saharan Africa, according to Pinna (2015), performance of pharmaceutical sector has proven to be more complex than in other sectors because it requires the participation of many different stakeholders, and also because it is highly influenced by legislations and by healthcare professionals (AbuKhousa *et al.,* 2014). Building cooperation and increasing product differentiation enables the firms to improve their performance in a long and good quality relationship. Downstream supply chain actors are closer to the final consumption of products and services thus reducing operational costs.

In Kenya, the proportion of firms involved in the development and sale of pharmaceuticals continues to increase, guided by the government's initiatives to encourage local and foreign development in the industry. Kenya has approximately 700 licensed wholesalers and 1,300 retail dealers, staffed by qualified pharmacists and pharmacy technicians. A 25 percent mark-up on retail drugs is given to certain pharmacies. In the Popular Market for Eastern and Southern Africa (COMESA) region, Kenya is actually the biggest manufacturer of pharmaceuticals, delivering around 50 per cent of the region's demand (Wilson, 2012). Of the region's approximate 50 identified producers of pharmaceuticals, 22 are located in Kenya. The main component of international drug manufacturers in the country is hosted in Nairobi. Via locally organized branches, professional delegate agencies and local professional agents, Major

European and American pharmaceutical production entities are involved (Standard Digital, Jan 25 2018).

1.1.1 Firm Performance

Firm performance is when a firm realizes proper coordination through effective communication, scheduling and task management (Protogerou et al., 2015). Theodosiou, Kehagias and Katsikea, (2015) also argues that firm performance can be realized through proper coordination of tasks that increase the efficiency and effectiveness of firm performance. However, Vaccaro et al., (2016) looked at organization performance in terms of cost and profitability while Wu and Lin (2016) looked at firm performance in terms of improving coordination efforts. In other studies according to Rust, Amber, Carpentor, Kumar and Srivastava (2015) argued that firm performance outcomes result from market successes or when market positions are achieved and fundamental changes occur over time.

Two other aspects must be considered when attempting to define performance: its time frame and its reference point. It is possible to differentiate between past and future performance; past superior performance does not guarantee that it will remain superior in the future (Carneiro, 2015). Another issue related to time is the duration of the interval (short, medium or long term) considered. The reference against which performance is being measured, such as the industry average, the results of main competitors, an established target, or past performance (Rocha, & Dib, 2017), is also important. Comparisons in relation to targets and past performance indicate the efficiency and evolution of the company. However, they are not suitable for comparing companies from different sizes and industries. Using the average value of the industry or of the main competitors as the baseline indicates companies' competitive position and may be more useful for strategic analyses.

Superior financial performance is a way to satisfy investors and can be represented by profitability, growth and market value (Cho & Pucik, 2015). These three aspects complement each other. Profitability measures a firm's past ability to generate returns (Glick et al., 2015). Growth demonstrates a firm's past ability to increase its size. Increasing size, even at the same profitability level, will increase its absolute profit and cash generation. Larger size also can bring economies of scale and market power, leading to enhanced future profitability. Market value represents the external assessment and expectation of firms' future performance. It should have a correlation with historical profitability and growth levels, but also incorporate future expectations of market changes and competitive moves.

According to Ganeshkumar and Nambirajan (2017) firm performance can be measured by the following factors: Market share, Sales growth, Profit margin, Overall product quality, Overall competitive position, Average selling price, Return on investment and the Return on sales. The approach in measuring firm performance can be divided into two categories which are financial measures and non-financial measures. Alternative, firm performance can be measured by financial measures and strategic measures. Non-financial measures include aspects such as customer satisfaction, employee satisfaction, environmental performance, social performance, efficiency, effectiveness and relevance. In line with the above literature, financial measures and non-financial measures will be adopted to measure organizational performance in this study. Financial metrics will involve return on assets, return on investment, market share while the non-financial metrics will involve customer loyalty. Return on investment alludes to any change in value of the investment, and/or cash flows which the investor receives from that investment while market share relates to growth in customer base. On the other hand, customer loyalty refers to the measure of a customer's likeliness to do repeat business with a company or brand (Ganeshkumar et al, 2017).

1.1.2 Generic Strategy

A strategy is the outcome of some form of planning or organized process for anticipating and acting in the future in order to carry out an organization's mission (Baulcomb, 2016). Competitive strategies are also regarded as the generic strategies. The 3 perspectives to competitive strategy were illustrated by Porter (1980). These are; trying to be the overall low-cost manufacturer, i.e. low-cost leadership approach, trying to distinguish one's service line from that of its competitors, i.e. differentiation strategy and emphasis on a specific portion of the economy, i.e. focus strategy (Arasa & Githinji, 2014).

Cost leadership strategies depend on some fairly unique capabilities of the firm to achieve and sustain their low cost position within the industry of operation (Sifuna, 2014). Cost leadership strategy calls for the firm to be a low cost producer in the industry for a given level of quality.

The firm sells its products either at average industry process to earn a profit higher than that of competitors or below the average industry prices to gain market share. The cost leadership strategy usually targets a broad market and firms can acquire cost advantages by improving process efficiencies, gaining unique access to a large source of lower cost materials or avoiding some costs altogether. If the competitors are unable to lower their costs by a similar margin, the firm may be able to sustain a competitive advantage based on cost leadership (Omwoyo, 2016). Onyango (2017) argues that lowering prices without a reduction in operating costs runs the risk of depleting resources and consequently becoming insolvent especially in a fiercely competitive market.

Differentiation strategy refers to a firm striving to create a market unique product for varied customer groups. Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute (Sifuna, 2014). The differentiation strategy requires a pharmaceutical firms develop a product that offers unique attributes that are valued by customers and are perceived to be better or different from products of competitors. The value added by the uniqueness of the pharmaceutical products may allow the firm to charge a premium price for the product. Since the product has unique attributes, if suppliers increase their prices, the firm may be able to pass on the costs to its customers who cannot find substitute products easily (Ireland, Hoskisson & Hitt, 2014). Porter (1985) stated that differentiation strategy can be based on technology, design or innovation.

Focus strategy is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market. It is usually employed where the company knows its segment and has products/services to competitively satisfy its needs (Sifuna, 2014). The focus strategy concentrates on a narrow segment and attempts to achieve either a cost of advantage or a differentiated advantage within that segment (Porter, 1980). It operates on the premise that the needs of the customers in that segment can be served better by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty and this loyalty discourages other firms from competing directly. Firms that succeed in a focus strategy are able to tailor a broad range of product development. The study aims at determining the effect of cost leadership, differentiation and focus strategy on firm performance.

1.1.3 Pharmaceutical Manufacturing Firms

Kenya's pharmaceutical business sector comprises of 3 industries, specifically producers, suppliers and dealers, who actively support Kenya's department of health and other core actors in health sector growth. Companies in the three segments are either large multinational corporations (MNCs), subsidiaries, joint ventures or locally owned corporations. The MNCs manufacture their products locally or import from designated manufacturing sites and supply the drugs to distributors who in turn supply the retail outlets, hospitals, government and non-governmental institutions (Kenya’s Pharmaceutical Industry, 2010).

The Kenya Association of Pharmaceutical Industries (KAPI) controls the sector. In the 1960's, KAPI was founded by a group of pharmaceutical production corporations focused on R&D to foster strong technical standards. Sizeable MNCs with local partners derive their membership from the organization. The goal of KAPI is to foster a health care manufacturing sector that is sustainable, imaginative and conscientious (Kenya's Pharmaceutical Industry, 2010).

The Pharmaceutical Manufacturing Firms manufacturing firms include Alpha Medical Manufacturers Aventis Pasteur SA East Africa, Bayer East Africa Limited, Beta Healthcare (Shelys Pharmaceuticals), Cosmos Limited, Dawa Pharmaceuticals Limited and Didy Pharmaceuticals among others. The firms manufacture pharmaceutical products which are used locally while others are exported.

1.2 Statement of the Problem

Various reforms have been put in place to improve the performance of the pharmaceutical sector. In 2018, the Ministry of Health revamped the pharmaceutical sector to improve access to quality, safe and efficacious medicines and medical products. Other reforms included standardizing of procedures and practices in the pricing and distribution of pharmaceutical and non-pharmaceutical supplies to enable Kenyans to access affordable medical products in the country without financial hardship. The Pharmacy and Poisons Board has also actively participated in the implementation of the wider Government of Kenya development policies that embrace the implementation of the Vision 2030 development blueprint by setting up systems to enhance efficiency and effectiveness in production and management of medical products in the country. In spite of this, the performance of some pharmaceutical manufacturing have been fluctuating.

Several authors have attempted to analyze competitive strategies and performance of pharmaceutical manufacturing companies. Odhiambo (2013) examined the competitive strategies adopted by Pharmaceutical Firms in Kenya but failed to assess how they affect performance. Munene (2016) explored the strategies adopted by pharmaceutical companies in Kenya to achieve sustainable competitive advantage but also failed to relate with performance. Further, Kamonzo. (2012) surveyed the effect of competitive strategies on performance of veterinary pharmaceutical firms in Nairobi County, Kenya. The study was conducted on veterinary pharmaceutical firms. Oyoolo and Bett (2017) on the other hand researched on the competitive strategies and performance of organizations in the pharmaceutical industry in Kenya but concentrated on one pharmaceutical firm. It is therefore evident that there is limited information about the competitive strategies and how they have affected the performance of pharmaceutical manufacturing firms in Kenya. This study sought to address this gap by analyzing the effect of generic strategies used and performance of pharmaceutical manufacturing companies in Nairobi County, Kenya.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to analyze the effect of generic strategies used and the performance of pharmaceutical manufacturing companies in Nairobi city County, Kenya.

1.3.2 Specific Objectives

The specific objectives were;

i. To assess the effect of cost leadership strategy on performance of pharmaceutical manufacturing companies in Nairobi city County, Kenya
ii. To examine the effect of differentiation strategy on performance of pharmaceutical manufacturing companies in Nairobi city County, Kenya

iii. To evaluate the effect of focus strategy on performance of pharmaceutical manufacturing companies in Nairobi city County, Kenya

1.4 Research Questions

i. What is the effect of cost leadership strategy on performance of pharmaceutical manufacturing companies in Nairobi city County, Kenya?
ii. How does differentiation strategy affect organizational performance of the pharmaceutical manufacturing firms in Nairobi city County?
iii. What is the effect of focus strategy on the growth and profitability of pharmaceutical manufacturing firms in Nairobi city County?

1.5 Significance of the study

The findings of this study will be resourceful to pharmaceutical manufacturing companies since they will understand the concept of competitive strategies and how it affects performance. From these findings the companies will determine the way forward towards a better performance. The Kenya Association of Pharmaceutical Industries will also benefit from the study and could come up with strategies to help the companies advance their performance by formulating policies and procedures that could positively impact of the companies. The study will also add to the existing literature on competitive strategies and firm performance which will be helpful to future researchers.

1.6 Scope of the Study

The study focused on determining the generic strategies on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya. The independent variables were differentiation strategy, cost leadership strategy and focus strategy. On the other hand, the dependent variable was firm performance. The study was informed by the Porter's Five Forces Model, Resource Based View and Configuration Theory. The study concentrated on the 22 pharmaceutical manufacturing companies based in Nairobi County, Kenya. The target population of the study was the top managers in the manufacturing pharmaceutical companies in Nairobi. This comprised of the CEO, general manager and marketing manager. The managers were selected as they are the ones involved in day to day strategic management activities of the firms.

A descriptive research design was used. Both descriptive and inferential statistics were used in the methodology. The study was conducted in the year 2019.

1.7 Limitations of the Study

The author experienced many hurdles in an attempt to investigate Porter's generic business strategy and the efficiency of pharmaceutical manufacturing firms in Nairobi. Key among them included the fact that some managers appeared to conceal information from the research assistants who desired such information in order to maintain the company's secrecy thereby making it difficult for the researcher to gather information. However, this was curbed through an acquisition of letter of data collection from the university and assuring the respondents that the data collected would be used for academic purposes only.

1.8 Organization of the Study

This research was arranged into 5 parts. Part one provided the project context, the problem statement, research goals, survey queries, the study's importance, the extent of the research work, and the drawbacks. The theoretical model, systematic analysis, the overview of the examined literature and the methodological approach were included in part 2. Part 3 covered research design, study target population, sample size and sampling technique, research techniques, reliability of the tool validity tool, information acquisition techniques, techniques of data processing and moral considerations. The focus of Chapter four was on statistical analysis, interpretation and explanation of the findings. Finally, the analyses, findings, observations and suggestions for more areas of research were described in section five.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presented the literature review on the effect of generic strategies on performance. The chapter contained the theoretical review, review of empirical studies and then the conclusion drawn from the studies.

2.2 Theoretical Framework

A theoretical framework is a collection of interrelated concepts. It guides researcher to determine what things to measure, and what statistical relationships to look for (Defee, Randal, Thomas & Williams, 2010). The underpinning theories in this study were Porter's Five Forces Model, Resource Based View and Configuration Theory.

2.2.1 Porter's Five Forces Model

This model was proposed by Porter (1998). Porter Porter describes five competitive forces as strong competition, challenge of entrants, and challenge to alternatives, supplier influence and influence of purchasers. He argues that knowing the strengths that drive competition in the industry is the foundation of designing a strategy. Generic methods can be easily associated with organizational success through the use of key strategic activities. Porter believes that if the influences are severe, no company will make a substantial financial return, and if the influences are moderate, most organizations will be prosperous. The configuration of the five powers varies depending on the sector and therefore the company has a different plan for any specific sector, such as pharmaceuticals manufacturing firms. Porter's (1998) generic strategies include costs reduction, distinctions, concentration, and mix strategies. These are widely used as a strategic categorization across all corporations.

Porter (1985) suggests that a company is mainly interested with the degree of competition across its sector. He argues that costs reduction and distinction are separate points of the spectrum and can be linked to each other without justification. These two have given rise to a considerable amount of conceptual discussion and empirical analysis. Empirical analysis employing the Miller and Dess (2010) MIS database indicates that the generic strategy paradigm could've been improved by looking at prices, distinction and concentration as three aspects of strategic competition rather than three distinct tactics. The argument that the pursuit of numerous channels of competitive strength is both possible and beneficial was also endorsed by several scholars (White, 2008).

The Porter concept is an important element for meticulously identifying the key competitive forces on the markets and determining how powerful and relevant each of them is. Kitoto (2005) noted that a appropriate evaluation of the five forces would allow the company to select any of the generic strategies that would make it possible for the business to stay competitive in the business sector. Management teams in the pharmaceutical manufacturing firms consequently can only build and select successful strategies by first recognizing the competitive forces that occurs, assessing the intangible power of each and obtaining a deep comprehension of the industry's entire competitive environment.

The Porter model makes it possible to assess the strength of the sector. With information of the strength and impact of competitive forces, pharmaceutical manufacturers can then build alternatives to manipulate these in a form that enhances their respective competitiveness. In order to thrive, companies must change their strategies to fit the competitive environment. The successful strategy chosen will shift the focus of the competitive pressures on the business. The goal is to reduce the strength of competitive powers. While several organizations seeking costs and distinction concurrently might be stuck in the center, there is legal proof that at least certain organizations have been successful in attaining greater economic efficiency by seeking both benefits (Bresnahan & Reiss, 2010).

This model is deemed relevant in this study as it explains the role played by the competitive strategies in ensuring that firms thrive in the face of the uncertain business environment and also remain sustainable.

2.2.2 Resource Based View Theory

This theory was proposed by Barney (1991). The theory indicates that the assessment of organizations in context of their productive capital might result to differing viewpoints from conventional viewpoints, which see competitive edge as a very intrinsic framework. It also suggest that the compatibility of a business with its exterior surroundings is the key determinant of the productivity of a business. Barney (1991) established a structure for the recognition of the characteristics of organizational resources required to produce a durable competitive benefit. Properties comprise if assets are essential, scarce among present and future rivals, hard to imitate and non-replaceable. If assets have such attributes, they can be used as strategic property. Eventually, this definition was embraced by several scholars (Amit & Schoemaker, 2010; Peteraf, 2010) and extended to encompass the attributes of asset resilience, anti-tradability and eccentric existence of assets.

Grant has established a realistic paradigm for a resource-based strategy model, comprising of the recognition of assets and skills, their ability to achieve competitive edge with acceptable returns, the deployment of strategies and the subsequent recognition of asset deficiencies. Distinction encourages and reinforces competitive edge, but conforming to systemic demands offers credibility, capital and competitive edge. In circumstances where structural and competitive forces impose significant impact, the strategic choices of management are both aligned with institutional forces. These ultimately lead to institutionalism validity and to distinction, which according to the resource-based vision of the company, can enhance the likelihood of establishing a competitive edge via diversity of assets and competence. Even though options have an impact on the efficiency of pharmaceutical manufacturing companies and on the development and preservation of dominant market places, limited emphasis has been devoted to the study of the impact of compliance on the effectiveness and competitive edge of pharmaceutical manufacturing firms.

This theory is considered important in this study as it discusses the role of differentiation strategy in the production of techniques that pharmaceutical manufacturing firms in Kenya may concentrate on in attempt to get the ability to provide incentives to their customers. This is because differentiation tends to minimize competition, lower cost of production, increase the likelihood of creating competitive benefits, while compliance increases the social trust of customers and hence the reputation of the business. Differentiation decreases competition and the battle for limited commodities, thus enhancing the efficiency of companies; whereas on the contrary, conformity renders all companies alike and therefore more innovative. Differentiation will generate advantages and leading positions that will endure until rivals copy the company's main strengths. Differentiation will be reclaimed by creating new possibilities that will lead to a new competitive edge and new barriers to entry (Ogbonna & Harris, 2003). New forms of organizational thought address this issue and create a link with a resource-based view.

2.2.3 Configuration Theory

The configuration school which perceive strategy formulation as a transformation process was developed in the 1960s and 70s. Major contributors to configuration school are Chandler (1962), Mintzberg and Miles & Snow (1978). The concept of configuration theory postulates that the performance of an organization depends on the fit of environment and organizational design. The basic assumption behind the theory is that the best performance can be achieved when organization structure matches external contingency factor. Only those organizations that align their operation with the current environment achieve maximum output. The general model implicit in configuration theory assumes that for organizations to be effective there must be an appropriate fit between structure, strategy and environmental context (Fincham & Rhodes, 2005).

Empirical studies regarding configuration have also consistently found evidence that the fit among organizational characteristics is an important predictor of firm performance (Slater & Olson, 2000). According to Gao *et* al. (2007), any firm's external environment is exogenous, so the firm must adjust its strategy according to the environmental constraints. As such, there are no universally optimal strategic choices for all businesses. In the context of this study, configuration theory brings out the link between competitive strategies and the competitive intensity as an aspect of external environmental which may influence pharmaceutical manufacturing firms in Kenya on the choice of competitive strategies based on the changes in the environment as well as the basis of explaining the necessity to have a fit between competitive strategies, competitive intensity and firm performance. However, pharmaceutical manufacturing firms in Kenya seem to adopt competitive strategies without due consideration to the environmental factor hence realizing negative effect on their performance.

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

2.3 Empirical Review

This section entailed the review of past studies to identify areas of divergence or convergence with the current study.

2.3.1 Cost leadership Strategy and Performance

Chepchirchir, Omillo and Munyua (2018) analyzed the effects of the cost leadership strategy on the corporate efficiency of transportation companies at Jomo Kenyatta International Airport, Kenya. The research examined at the extent to which the implementation of cost leadership strategies led to an increase in performance. This study was inspired by the concept of the five powers of Porters. The analysis was told by the nature of the descriptive test. It selected a group of 151 participants and a sample size of 120 top-level and middle-level executives from the sample group. The research information originated from 10 transportation companies with active online presence operating at JKIA Nairobi. The specified participants were chosen utilizing a random sampling method. A questionnaire focused on the research parameters was employed to gather information from the participants. Data analysis included the use of descriptive statistics and inferential statistics. Cost leadership has been shown to have a major positive impact ($p<0.05$) on the output of transportation companies. It was observed that there was an improvement in sales revenue and profitability as a consequence of using this strategy. In addition, there was a decrease in operating expenses resulting in an improvement in the net profit.

Omwoyo (2016) conducted a study on the effects of generic strategies on the competitive advantage of firms in Kenya's airline industry. One of the study objectives was to establish how cost leadership strategy affect competitive advantage of selected airline firms. The analysis provided a descriptive research approach for evaluating, describing and reporting results. The research used questionnaires to collect information from the participants. The research based on 110 administrative workers from Fly 540, Kenya Airways, and Fly-SAX. The research utilized a census method to the sample population. The research reported that airlines aim to provide passengers with the highest quality of high-volume flights at the best affordable rates. Cost leadership approach allows businesses to compare themselves with rival businesses in order to control their competitive costs.

Chengeta (2014) conducted a research on the effects of cost-management techniques on organizational efficiency with an emphasis on Saatchi & Saatchi Multimedia. The author employed descriptive analysis to acquire feedback and clarifications on the analysis assistant. The author utilized interviews, questionnaires to collect fresh information from the participants on the matters of interest. The findings of the study showed that vertical integration is essential for the company as it increases productivity. Also the customer base and sales growth in broad, and that restructuring leads to lower business costs and improved profitability. The results also suggested that procurement from the least expensive provider yields good outcomes in terms of lowering business costs, and does not inherently imply poor quality service. The study was conducted in China thus depicting a methodological gap; the current study will be conducted in Kenya.

Olson and Swanson (2010) did a research on Market Forces and Changes in the Plant Input Supply Industry. The research observed that, as far as manufacturers are concerned, the low-cost supplier is more isolated from dominant suppliers than its rivals if better operational productivity is the main cause of its cost savings. As far as future newcomers are concerned, a low-cost producer may use price cuts to make it more difficult for a new competitor to attract clients; the competitive dominance of a low-cost producer serves as a deterrent to a potential competitor.

2.3.2 Differentiation Strategy and Performance

Nuru (2015) researched the effect of the differentiation strategy on the success of water bottling businesses in Mombasa County, Kenya. The aim was to examine the degree to which water bottling businesses employ differentiation strategies. A cross-sectional descriptive style will be utilized. The target population of this research was licensed water bottling businesses. The results of the research had shown that there is a significant correlation across the differentiation strategy and the business success.

Demba (2018) studied the effect of differentiation strategy on performance by selected car rental business, a case of Nairobi city county, Kenya. This study was a cross-sectional descriptive study design where purposive sampling technique was used to select fiftteen (15) car rental business in Nairobi City County. Structured questionnaire was used to collect primary data. The findings of the study revealed that differentiation strategy was statistically insignificant at P value greater than 0.05 by Chi-square and analysis of variance thereby accepting the null hypothesis that differentiation strategy had no effect on performance of car hire business in Nairobi City County. Correlation analysis revealed a negative relationship between indicators for performance improvement and differentiation strategy used. In addition, correlation analysis revealed that there was a positive relationship between the extents of performance differentiation strategy used. Multiple logistic regression analysis showed that there was no significant impact of differentiation strategy on performance. In conclusion, differentiation strategy adopted by the selected car rental business in Nairobi City County had no effect on their performance.

Adimo (2018) decided to try to construct a collaboration between product differentiation strategies and constrained institutional performance in Sameer Africa Kenya. The research surveyed 110 employees of Sameer Africa (K) Limited, including top leadership, HODs and technical people and 91 distributors situated in Nairobi. A survey of 134 participants was chosen through stratified random sampling and basic random sampling methods. The research was driven by the Principle of Strategic Balance. Primary data were acquired via self-administered questionnaires. The research showed that product differentiation had a favorable link to institutional performance. The research also observed that the incorporation of product differentiation strategy by means of unique product characteristics related to rivals and a range of goods to satisfy the needs of diverse consumers has resulting in enhanced results.

Shafiwu and Mohammed (2013) explored the impact of product differentiation on profit margins in the oil industry in Ghana. The study aimed to construct a connection between distinction and profitability in the petroleum sector. It also wanted to know whether or not people were patronizing Effimax goods. The research employed the analysis form of correlation. It engaged 14 government-owned and 15 privately-owned oil marketing firms in Ghana. cluster sampling approach had been utilized to pick one business from the population. The research found that , despite the reality that the petroleum sector is not viewed as having differentiated goods from other sectors, this does not imply that the practice of differentiation wasn't in itself a lucrative technique appropriate for the industry. Instead, there could be other variables that are liable for reduced acceptance. Shafiwu and Mohammed (2013) have recommended the need to raise consciousness of the products.

Dirisu, Oluwule and Ibidunni (2013) researched product differentiation as a competitive edge and optimum institutional success mechanism based on Unilever Nigeria. The research concentrated on how competitive edge can be gained via a product differentiation and, eventually, how it affects the efficiency of the business in the manufacturing business. Test survey was implemented for analysis on the basis of the essence of the participants. This included the administration of questionnaires to the selected respondents. The population of participants was very high, consisting of all users of Unilever Nigeria Plc goods. The research conducted out demonstrated the presence of a strong and important correlation between the differentiation of the commodity and the increase of the institution's revenue.

2.3.3 Focus strategy and Performance

In Murang'a Region, Kenya, Kinyuira (2014) planned a study on the effects of Porter's Generic Business Approaches on the efficacy of credit unions. The study reported significant beneficial cost leadership , differentiation and focus approaches on the performance of Sacco, and noticed that Sacco, which follows generic strategies, produced better performance compared to Sacco which does not.

Kamar (2014) intended to examine the impact on the output of LPG companies of competitive strategies: in Eldoret town, Kenya. The key goals entailed: exploring the impacts of cost leadership strategy, differentiation strategy, focus strategy, and value proposition. Productivity was demonstrated by unit sales and cost minimization of market share. A survey framework was used in the research. Cost leadership has been found to affect the efficiency of LPGCs. Gain cost leadership by lowering the cost of acquisition, reducing overhead costs, labor efficiency, cost of service and cost of promotions assessment. It has also been found that the technique of differentiation contributes to high output levels. The goods of LPGCs are characterized by product distinction, different prices, processes of development, techniques of marketing and various models.

Most notably, the analysis showed that the competitive advantage of most LPGCs leading to a higher output ratings is affected by focus strategy. Therefore, most LPGCs have implemented a focus strategy in regards to concentrating on specific goods, targeting their consumers on their business deduction, specialty marketing, and strong emphasis on their core products. When the LPGCs concentrate on particular products that are specialized in the quality and efficiency pricing strategy. This affects the profits of the LPGCs.

Muia (2017) conducted a report on the impacts of competitive approaches on insurance firms' efficiency in Kenya. One of its aims was to assess the effects of the Focus Strategy on the output of the companies. A cross - sectional test model was used in the analysis and this was ideal for this analysis to establish the behavior of the system of details in a sample. All strategy formulation divisions in the 47 firms in Kenya mentioned under the affiliation of the Kenya Insurance Association (AKI) were the main focus. The results were clear that the aforementioned approached led to organizational growth.

2.4 Summary of Literature reviewed

A review of the previous studies on determinants of financial performance presented various gaps that were addressed. A probe by Chepchirchir, Omillo and Munyua (2018) based on the effectiveness of the cost leadership approach at Jomo Kenyatta International Airport, Kenya, on the operational productivity of logistics companies. The research investigated the extent to which the implementation of cost leadership techniques reflected in improved efficiency. This study presented a contextual gap since it was carried out in the airline industry.

In Pakistan, Chengeta (2014) did a study on the effect of cost leadership strategies on company performance with focus on Multimedia Saatchi & Saatchi. In the study, cost leadership was operationalized as vertical integration, company restructuring and outsourcing thus presenting a conceptual gap. In this study, cost leadership indicators were lowering prices below average industry prices, increasing prices above average industry prices, price discrimination and offering discounts.

In another report, Adimo (2018) sought to develop a limited relationship in Sameer Africa Kenya between product distinction policies and corporate efficiency. The research was driven by the Philosophy of Strategic Balance, thereby posing a theoretical void. Resource-based opinion and Porter's five-force framework guided the current report. In conjunction, Muia (2017) carried out a review on the effects on the efficiency of underwriting firms in Kenya of competitive approaches and noticed a substantial interaction between independent and autonomous factors. As the research centered on insurance agencies, this posed a reach gap; the present research centered on Nairobi pharmaceutical manufacturing companies.

The review of literature also identified contrasting findings Kanyuira(2014), Kamar (2014) and Muia (2017) found a positive and significant relationship between porters competitive strategies and organizational performance; however Demba(2018) found no significant relationship between differentiation strategy and performance. The current study provided convincing results as far as the pharmaceutical manufacturing sector is concerned.

Table 2.1: Summary of Research Gaps

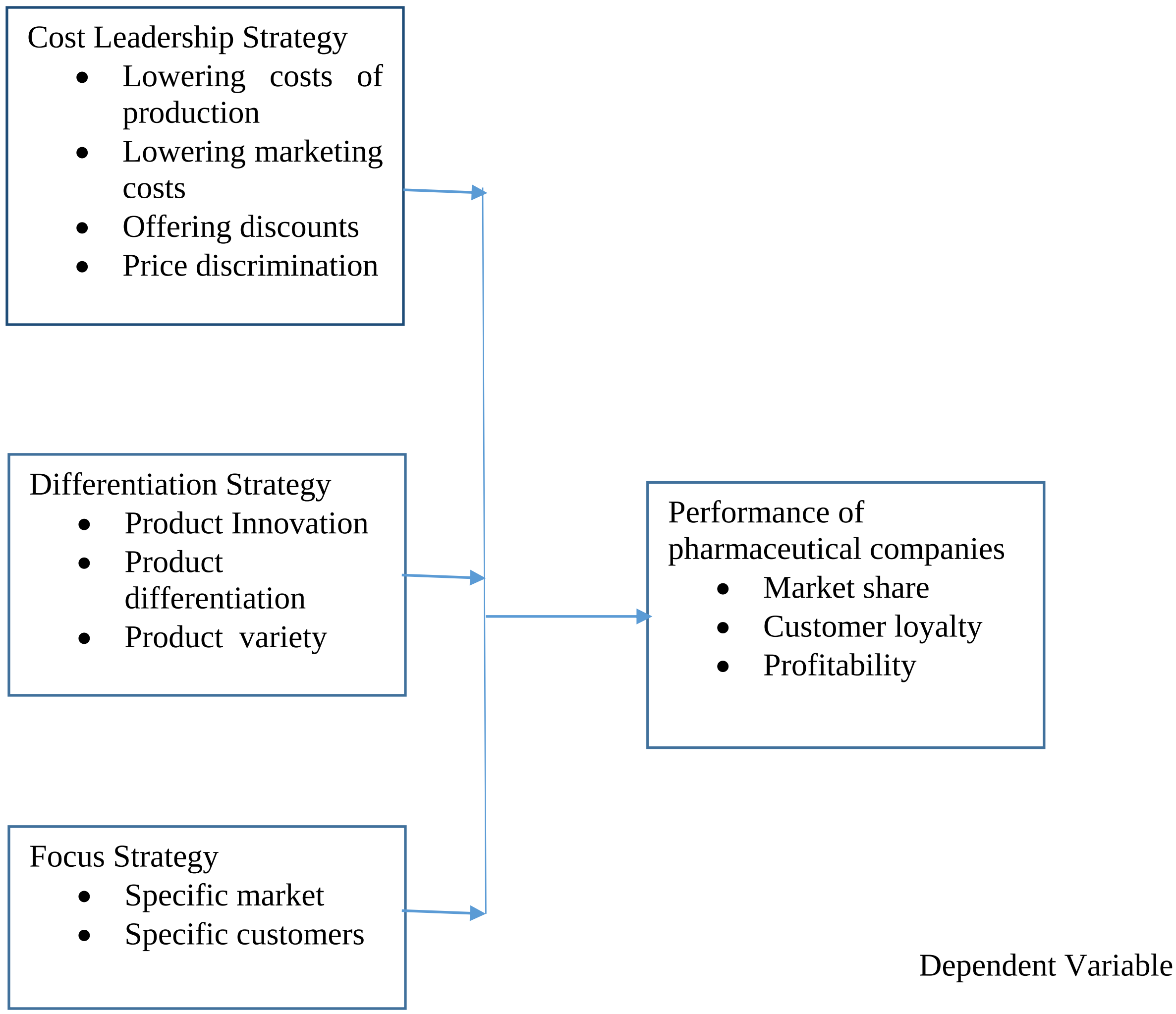
Author	Study	Finding	Gap	Focus of the current study
Chepchirchir, Omillo and Munyua (2018)	Influences of cost leadership approach on Jomo Kenyatta's corporate efficiency of logistics companies	Cost leadership seemed to have a major positive ($p<0.05$) impact on the efficiency of logistics companies.	This study presents a scope gap as it focused on logistic firms	The current study focused on pharmaceutical manufacturing companies
Omwoyo(2016)	The role of generic techniques on the competitive advantage of companies in the aviation business sector in Kenya	Airports aim to provide consumers with a level of high-volume services at the most great rates.	A scope gap also exists here since the study focused on airline industry	This study will focused on pharmaceutical industry.
Chengeta (2014)	Effect of cost leadership strategies on company performance with focus on Multimedia Saatchi & Saatchi.	outsourcing from cheapest supplier yield positive results in terms of reducing company cost	This study has a geographical since it was done in India.	The current study was done in Kenya.
Adimo (2018)	The link among techniques for product differentiation and success outcomes in Kenya's Sameer Africa limits	The distinction of goods had a beneficial correlation with operational success	The study was guided by Strategic Balance Theory thus presenting a theoretical gap.	The current study was informed by resource based view and Porter's five forces model.
Nuru (2015)	Effect of the differentiation strategy on the success of water bottling businesses in Mombasa County, Kenya	There was a significant correlation across the differentiation strategy and the business success.	The study focused on bottling companies thus depicting scope gap.	The current study focused on pharmaceutical manufacturing firms in Nairobi

Muia (2017)	The influence of competitive approaches on the efficiency of Kenya's insurers	The link among competitive techniques and the productivity of insurers is significant	This presents a scope gap as the study focused on insurance companies;	The current study focused on pharmaceutical manufacturing firms in Nairobi.
Demba (2018)	Effect of differentiation strategy on performance by selected car rental business, a case of Nairobi city county, Kenya.	Differentiation strategy had no effect on performance of car hire business in Nairobi City County	The study shows a conceptual gap as it focused on differentiation strategy as the only determinant of firm performance.	The current study focuses on all the competitive strategies and firm performance.
Kamar (2014)	Results of competing approaches on LPG companies' efficiency: Eldoret Town Survey, Kenya	A positive relationship between the dependent and independent variables was found	This study presents a methodological gap as it utilized survey research design	This study will be conducted using descriptive research design

Source: Author (2019)

2.5 Conceptual Framework

Smyth (2014) defines conceptual framework as a set of broad ideas and theories that help a researcher to identify the problem intended for a certain study, help him come up with research objectives and questions and find suitable literature to support the framework. Conceptual framework therefore shows the influence the independent variables have on the dependent variable. A variable is a measurable characteristic that assumes different values among subjects or parameters (Dodge, 2014). A dependent variable is a variable dependent on another variable, the independent variable, it is what is measured and affected in the experiment. The dependent variable responds to the changes independent variable and it is called dependent because it depends on the independent variable (Everitt, 2015). In the study the independent variables that will be considered are cost leadership strategy, differentiation strategy, and focus strategy. The dependent variable is performance of pharmaceutical companies.



Independent Variables (Generic Strategies)

Figure 2.1: Conceptual Framework

Cost leadership strategies, product differentiation approaches and concentration strategies were the autonomous factors in this analysis. In the analysis, the dependent factor was pharmaceutical manufacturing firms' results. A low-cost position buffers the company against competitive customers because customers can only apply leverage to bring down costs to the level of the next most competent competitor and ultimately increase operational performance. A company's product differentiation tends to be one of a kind in its sector along with a few metrics that are commonly valued by customers who therefore increase the strength and performance of companies. The focus strategy is based on a tightly oriented expansion within a sector. It is intended to build customer base by either operating in niche marketing or in business sectors that are not appealing to, or overlooked by, larger competitors. This thereby improves the output of companies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented research design, target population, sampling frame, sample and sampling technique ,instruments, data collection procedure, pilot test, data processing and analysis.

3.2 Research Design

A study design is a structure used to gather and process data in order to address research questions (Chilibasi, 2012). As the strategy and structure devised to elicit responses to study inquiries, Cooper and Schindler (2011) described research design. Research design is a framework that keeps intact all the components of analysis (Shala, 2017). A descriptive research design was also adopted by the researcher. The purpose of the descriptive analysis is, as per Cooper & Schindler (2009), to define events as they actually occur. For this report, a descriptive design was suitable as it allowed the author to examine the target group and identify the elements under review. The descriptive design answers to questions such as: who, how, when, and why of the phenomenon of interest. Descriptive analysis guarantees that there is zero bias and optimum efficiency when gathering data by defining and documenting how tasks are done (Nassaji, 2015). In addition, the design ensures that sample accurately represents the profile of an individual, circumstance or occurrence that explains the circumstances and attitudes that occur and eventually generalizes the results to a broader populace (Atmowardoyo, 2018).

Burns and Grove (2010) identify the population as all the things that fulfill the thesis eligibility requirements. And as such, the populace is the overall class of persons, occurrences or items with a shared measurable feature. There are 22 registered member pharmaceutical manufacturing firms distributed across Nairobi County, Kenya (*See Appendix III*). The target population of the study was the managers in the manufacturing pharmaceutical companies in Nairobi. This comprised of the CEO, general manager and marketing manager. The managers were selected as they are the ones involved in day to day strategic management activities of the firms. The study was a census of all the top managers of manufacturing pharmaceutical companies in Nairobi. According to Drechsler and Reiter (2010), census technique is useful when the target population is relatively small. In the current study, the census technique was applied since the target population was 66 managers.

3.3: Target Population

Population Category	**Population**	**Percentage**
CEO	22	33.3
General manager	22	33.3
Marketing manager	22	33.3
Total	**66**	**100**

Table 3.1: Target Population

3.4 Data Collection Instrument

Data was collected using a structured questionnaire. The questionnaire had closed ended questions. The closed ended questions enabled collection of quantitative data. Kothari (2008) states that information obtained from questionnaires is free from researchers bias which makes them ideal for positivist research approach. The questionnaire was divided into five sections. Section one gathered information on demographic information of the respondents while section two to section five cover questions on the specific research objectives. The questionnaire had a 1-5 like rating scale questions whereby 5 meant a strong agreement with the statement, while 1 meant a strong disagreement with the statement. The first section of the questionnaire consisted of demographic information of the respondent and the second section consisted of questions on cost leadership strategy. The third and fourth sections of the questionnaire consisted of questions on differentiation and cost leadership strategies respectively. The last section contained questions on organizational performance.

3.5 Data Collection Procedure

Authorization to collect data from the selected organizations was acquired from the university. Consent was sought through use of an introductory letter for data collection which was obtained from Kenyatta University. The researcher also obtained authorization letter from Kenyatta University and National Commission for Science Technology and Innovation to collect the data. After permission is granted, appointments will be made with the respective respondents. The questionnaires were administered with the help of research assistants through the drop and pick later method.

3.6 Pilot Study

The questionnaire was tested through pilot testing for its validity and reliability. The pilot test was carried out to identify design and instrumentation vulnerabilities and to establish alternative data for probability sample collection. The study was conducted in two pharmaceutical manufacturing firms outside Nairobi city County and 6 senior level managers were involved. An effective pilot study uses 1% to 10% of the existing sample size, so according Mugenda (2008). The aims of pre-testing were to allow different questions to be altered in order to reword, explain and clarify any flaws in the questionnaires before delivering them to the relevant participants. It enabled the researcher to address contradictions resulting from the equipment, which meant that what was meant was evaluated.

3.6.1 Validity of the Research Instrument

Validity demonstrates the degree to which the concept under examination is evaluated by a tool (Saunders et.al. 2009). The information identified and included must be applicable to the need or gap identified in order for a survey tool to be rendered legitimate. The researcher used content validity in the study which involves expert judgment, in this case, the supervisor. The supervisor checking the items identified the intrinsic credibility of the questionnaire. The tool was evaluated with the supervisors prior to the real analysis. The supervisor's input did help to adjust the tool. This meant that accurate data was taken from the respondents and also increased the rate of response.

3.6.2 Reliability of the Research Instrument

Reliability is an indicator of the degree to which, after various tests, a questionnaire yields reliable findings or data (Mugenda, 2008). The reliability test tests the list of questions’ inherent accuracy. A tool is effective when it can reliably measure a parameter and achieve the same outcomes over a stretch of time. The questionnaire underwent the general internal consistency reliability analysis. This was tested as an internal consistency coefficient using Cronbach alpha. Internal consistency tests the similarity between the different components of the same test (or the single component of a larger test) and whether identical values are obtained by multiple components proposing to measure the same general construct. The following rules of thumb are given by Castillio (2009): greater than 0.9 was excellent, 0.8 was good, 0.7 was acceptable, 0.6 was questionable, 0.5 was poor and; less than 0.5 was non-acceptable. For this analysis, the appropriate 0.70 was utilized as a precision threshold.

3.7 Data Analysis and Presentation

The data collected through the questionnaire was edited, coded, entered into SPSS which also aids in data analysis. The data was analyzed using descriptive and inferential statistics. The descriptive statistics included frequencies, means and standard deviation. The inferential statistics included correlation analysis and a regression model to establish the relationship between variables. The data was interpreted following the study objectives and inferences provided, relating the findings with those of past researchers. The analyzed quantitative data was presented using tables, charts and graphs. The regression was:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$;

Where: Y = performance of pharmaceutical manufacturing firms;

X_1 = Cost Leadership Strategy;

X_2 = Differentiation Strategy;

X_3 = Focus Strategy;

α = the intercept (value of Y when X = 0); $\beta X_{1..n}$ = the regression coefficients or change in Y by change in X, ; ε = error term.

3.8 Ethical Considerations

The researcher ensured quality and integrity of the research by ensuring that sampled participants in this study were treated with dignity, respect, and their privacy highly respected. The participants in this study were requested to conceal their identities during the research process. This further safeguarded their privacy and reinforced confidentiality of the respondents. In addition, the researcher ensured that no data was linked to specific persons by substituting names with codes. Anonymity of the subjects protected them from victimization and embarrassment, enhancing confidentiality of the participants. Further, the researcher ensured the respondents participated in the study willingly. The respondents were requested to sign a letter of consent to prove that they participated in the study without coercion.

CHAPTER FOUR DATA

ANALYSIS AND PRESENTATION

4.1 Introduction

This section consists of study results and description of data. In figures and tables, results have been presented. The researched data is grouped into subtexts that represent the aims of the study.

4.2 Response Rate

Sixty six was the total amount of questionnaires given out. All of them were completed and presented well, providing a 100 per cent answer level. The high response rate may be due to the fact that top tier managers who clearly understood the topic of the study were the target respondents. Study by Demba (2018) also showed that top managers were equipped with information regarding their firms, hence guaranteeing a high response rate.

4.3 Demographic Information

This segment includes the bio data of the population, which are gender, educational background, years of firm operation, and years of service as well as the nature of company.

4.3.1 Gender

The respondents were asked to indicate their gender. The results are presented in figure 4.1

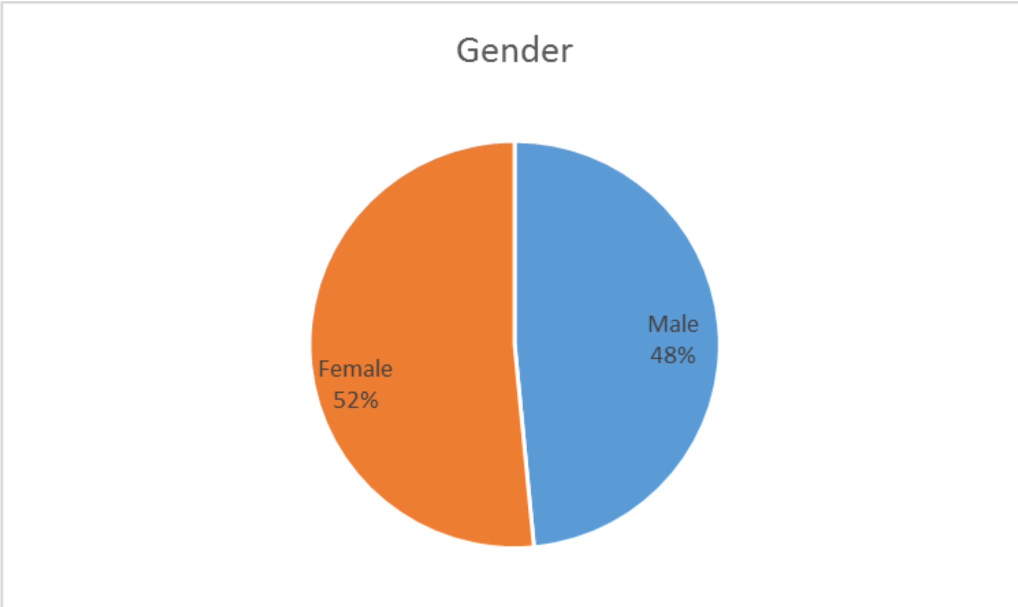


Figure 4.1: Gender

Source: Survey Data (2019)

Although 32 (48 percent) were men and 34 (52 percent) were women, the participants were fairly equally distributed. This indicates that in the representation of top managers in pharmaceutical firms in Nairobi, there is gender balance. This finding agrees with that of Kariithi and Kihara (2017) found that the number of female managers in the manufacturing pharmaceutical firms in Nairobi County was more (56%) than that of male managers.

4.3.2 Level of Education

The respondents were asked to indicate their highest level of education. The findings are shown in table 4.1.

Table 4.1: Level of Education

Education Level	Frequency	Percent
Undergraduate degree	18	27.3
Post graduate	23	34.8
PhD	25	37.9
Total	66	100

Source: Survey Data (2019)

The findings showed that most of the sampled respondents were PhD holders, followed by 23 (34.8%) who held post graduate degree and 18 (27.3%) who held undergraduate degree. This implies that managers in the manufacturing pharmaceutical companies in Nairobi have the necessary knowledge in running the companies and were also knowledgeable to understand the subject under study. This could be attributed to the high level of academic qualification required in the managerial positions in the pharmaceutical firms. This finding agreed with that of Odeny (2018) whose study established that most of that managers of pharmaceutical manufacturing firms had a post graduate level of education which influenced their strategic decisions.

4.3.3 Years of Operation

The respondents were asked to indicate the years which their pharmaceutical companies have been in operation.

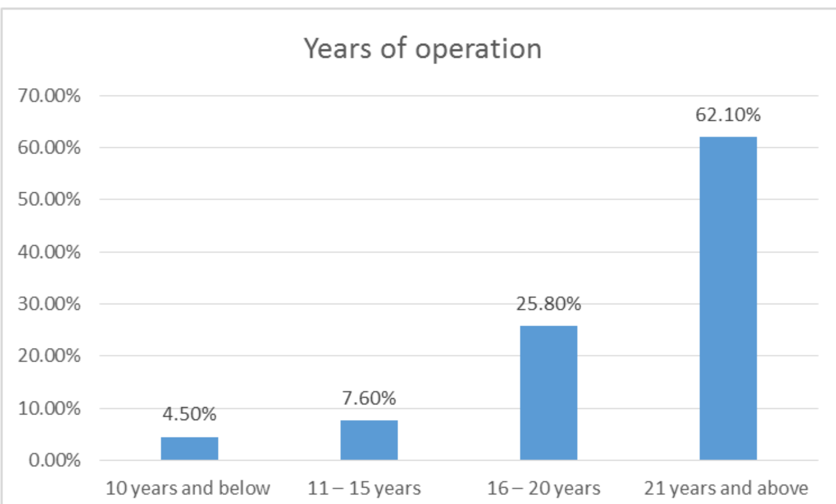


Figure 4.2: Years of Operation

Source: Survey Data (2019)

The findings indicate that most manufacturing pharmaceutical companies in Nairobi 41 (62.10%) have been in operation for over 21 years, 17 (25.80%) have been in operation for 16-20 years, 5 (7.60%) have been in in operation for 11-15 years while only 3 (4.50%) have operated for 10 years and below. This implies that manufacturing pharmaceutical companies in Nairobi have operated for quite a lengthy time to adequately identify the various competitive strategies that influence their performance.

4.3.4 Years Worked

The respondents were supposed to indicate the years they have worked in their respective companies of employment. The findings are as shown in table 4.2.

Table 4.2: Years Worked

Years Worked	Frequency	Percent
1 – 5 yrs.	6	9.1
6 – 10 yrs.	22	33.3
11 – 15 yrs.	14	21.2
16 – 20 yrs.	13	19.7
21 yrs. and above	11	16.7
Total	**66**	**100**

Source: Survey Data (2019)

The findings showed that majority 22 (33.3%) of the sampled managers had worked in their companies for a period of 6-10 years, followed by 14 (21.2%) who had worked for a period of 11-15 years, 13 (19.7%) who had worked for 16-20 years, 11 (16.7%) had worked for 21 years and above while only 6 (9.1%) have worked for 1-5 years. this shows that in most firms the managers had worked for over 6 years. This could be attributed to the work flexibility in pharmaceutical firms. This finding agrees with that of Kim and Kim (2017) who found that work schedule flexibility influenced retention of Casino employees.

4.3.5 Nature of Company

The respondents were asked to indicate the nature of their company. They were supposed to indicate whether it is a multinational or local company.

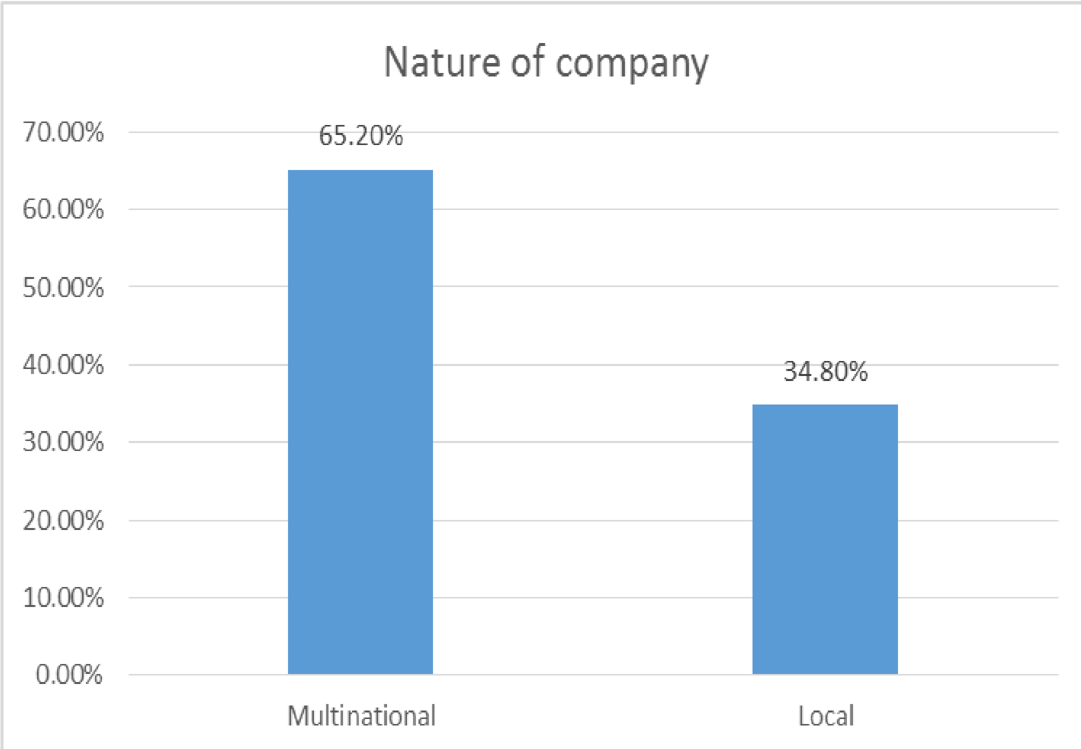


Figure 4.3: Nature of Company

Source: Survey Data (2019)

The findings showed that majority 43 (65.20%) of manufacturing pharmaceutical companies in Nairobi are multinationals while 23 (34.80%) are locally owned. Musila (2016) also found that most manufacturing pharmaceutical companies in Nairobi are foreign owned.

4.4 Descriptive Results

This section provides the descriptive findings of the variables under study. This is done in line with the study objectives

4.4.1 Effect of Cost Leadership Strategy on Performance

The very first goal of the analysis was to determine the effects on the efficiency of pharmaceutical manufacturing firms in Nairobi County, Kenya, of the cost leadership strategy. The participants responded to cost leadership management assertions. As tabulated in 4.3, the responses were scored on a five-point Likert scale.

Table 4.3: Cost Leadership Strategy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	stdev
state of the art equipment	5 (7.58%)	9 (13.64%)	12 (18.18%)	23 (34.85%)	17 (25.76%)	3.58	1.23
Conserving operational costs	3 (5.15%)	8 (12.12%)	15 (22.73%)	17 (25.76%)	22 (34.24%)	3.52	1.37
standard products	8 (12.12%)	11 (16.67%)	6 (9.09%)	30 (45.45%)	11 (16.67%)	3.68	1.29
Overheads control	6 (9.09%)	3 (4.55%)	11 (16.67%)	26 (39.39%)	20 (30.30%)	3.77	1.2
marginal customer accounts	6 (9.09%)	5 (7.58%)	6 (9.09%)	38 (57.58%)	11 (16.67%)	3.65	1.13
R&D Cost minimization	7 (10.61%)	5 (7.58%)	1 (1.52%)	20 (30.30%)	33 (50.00%)	4.02	1.34
Lowering advertising costs	6 (9.09%)	9 (13.64%)	9 (13.64%)	31 (46.97%)	11 (16.67%)	3.48	1.19
shorter learning curve	3 (4.55%)	9 (13.64%)	7 (10.61%)	34 (51.52%)	13 (19.70%)	3.68	1.08
Low cost sales	7 (10.61%)	6 (9.09%)	9 (13.64%)	34 (51.52%)	10 (15.15%)	3.52	1.18
Average						**3.79**	**1.22**

Source: Survey Data (2019)

The findings showed that most of the respondents 40 (60.61%) indicated that their firms invested in state of the art equipment as supported by a mean of 3.58 and std. dev. of 1.23. The findings also revealed that most respondents 39 (60%) agreed that their firms are involved in monitoring and conservation of total operational costs as supported by a mean of 3.52 and std. dev. of 1.37. Most respondents 41 (62.12%) agreed that their firms are involved in sale of standard products supported by a mean of 3.68 and std. dev. of 1.29. It was also found that most of the research participants 46 (69.69%) indicated that their firms control the organizational overheads as supported by a mean of 3.77 and std. dev. of 1.2. This is in line with findings by Ommwoyo (2016) who found that cost leadership strategy makes the companies to benchmark themselves against competing firms to access their relative costs. Further the findings revealed that majority 49 (74.25%) of the respondents agreed that that their firms are involved in avoidance of marginal customer accounts. In addition, 53 (80.30%) of the respondents agreed that their firms embrace cost minimization in research and development. This finding agrees with that of Chepchirchir, Omillo and Munyua (2018) whose study established that reduction of costs associated with operations resulted to increased profit margin in logistics firms at Jomo Kenyatta international airport, Kenya.

Furthermore, the results revealed that most of the research participants 42 (63.64%) agreed that their firms embrace cost minimization in advertising. Furthermore the findings showed that 47 (71.22%) of the respondents indicated that their firms have cumulative experience and a shorter learning curve. Additionally, most of the research participants agreed that their firms are involved in cost minimization in sales. On a 5-point scale, the responses had an average mean of 3.79, and a deviation of 1.22 implying that cost leadership was present in the firms, which could have influenced their performance. Chepchirchir et al (2018) also found significant influence of cost leaders on firm performance.

4.4.2 Effect of differentiation strategy on Performance

The second objective of the study was to examine the effect of differentiation strategy on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya. The respondents were asked to respond to statements on differentiation strategy. The responses were rated on a 5-point Likert type scale as presented in table 4.4.

Table 4.4: Differentiation Strategy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std dev
Development of unique products	8 (12.12%)	3 (4.55%)	7 (10.61%)	24 (36.36%)	24 (36.36%)	3.8	1.32
Best cost strategy that combines cost and differentiation aspects	4 (6.06%)	8 (12.12%)	6 (9.09%)	21 (31.82%)	27 (40.91%)	3.89	1.24
Building perceptions of exclusivity of organizational products	5 (7.58%)	3 (4.55%)	5 (7.58%)	44 (66.67%)	9 (13.64%)	3.74	1.01
Developing high quality products	6 (9.09%)	6 (9.09%)	2 (3.03%)	31 (46.97%)	21 (31.82%)	3.83	1.24
Unique product features	7 (10.61%)	7 (10.61%)	6 (9.09%)	34 (51.52%)	12 (18.18%)	3.56	1.22
After sale support services	7 (10.61%)	3 (4.55%)	4 (6.06%)	41 (62.12%)	11 (16.67%)	3.7	1.14
different marketing strategy competition	2 (3.03%)	1 (1.52%)	3 (4.55%)	55 (83.33%)	5 (7.58%)	3.91	0.67
Speaking about the company products to selected panels	10 (15.15%)	11 (16.67%)	6 (9.09%)	34 (51.52%)	5 (7.58%)	3.2	1.26
Average						3.70	1.14

Source: Survey Data (2019)

The findings showed that most of the respondents 48 (72.72%) indicated that their firms invested in development of unique products. This agrees with findings by Nuru(2015) that integrating product differentiation strategies through specific product attributes relevant to competitors and variety of products to match the need of various customers resulted to improved performance.

The findings also revealed that most respondents 48 (72.73%) agreed that their firms are involved in best cost strategy that combines cost and differentiation aspects. most respondents 53 (80.31%) agreed that their firms are involved in building perceptions of exclusivity of organizational products. it was also found that most of the research participants 52 (78.79%) indicated that their firms are involved in developing high quality products

Further the findings revealed that majority 46 (69.70%) of the respondents agreed that that their firms have unique product features. This confirms Nuru(2015) 's observation, whose study found that there is a positive association among the strategy of distinction and firm results. The strategy of product distinctiveness adds more to the success of water distributors than the strategy of service distinctiveness. In addition, 52 (78.79%) of the respondents agreed that their firms offer after sale support services. Furthermore, the results revealed that most of the research participants 60 (90.91%) agreed that their firms embrace a different marketing approach compared to the competition. Furthermore the findings showed that 39 (59.10%) of the respondents indicated that they involved in speaking about the company products to selected panels. On a 5-point scale, the responses had an average mean of 3.70, and a std. dev. of 1.14 implying that differentiation strategy was present in the firms, which could have influenced their performance. This is in line with Nuru (2015) whose study established differentiation as a predictor of firm performance.

4.4.3 Effect of Focus Strategy on Performance

The third objective of the study was to examine the effect of focus strategy on performance of pharmaceutical manufacturing companies in Nairobi County, Kenya. The respondents were asked to respond to statements on focus strategy. The responses were rated on a 5-point Likert type scale as presented in table 4.5.

Table 4.5: Focus Strategy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. dev.
Low prices in new markets	3 (4.55%)	2 (3.03%)	3 (4.55%)	34 (51.52%)	24 (36.36%)	4.12	0.97
The organization offers unique low cost products	5 (7.58%)	7 (10.61%)	8 (12.12%)	12 (18.18%)	34 (51.52%)	3.95	1.33
Our company deals with market with special needs	5 (7.58%)	5 (7.58%)	4 (6.06%)	30 (45.45%)	22 (33.33%)	3.89	1.18
Our company offers specified products for various market segments.	4 (6.06%)	5 (7.58%)	8 (12.12%)	12 (18.18%)	37 (56.06%)	4.11	1.24
The organization adjusts price to attract new customers	5(7.58%)	4 (6.06%)	6 (9.09%)	14 (21.21%)	37 (56.06%)	4.12	1.26
The organization focuses on markets overlooked by competitors	6 (9.09%)	7 (10.61%)	10 (15.15%)	25 (37.88%)	18 (27.27%)	3.64	1.25
Our organization has products tailored for persons in various economic classes	3 (4.55%)	9 (13.64%)	6 (9.09%)	12 (18.18%)	36 (54.55%)	4.05	1.27
Average						**3.98**	**1.21**

Source: Survey Data (2019)

The findings indicated that most of the research participants 59 (89.36%) agreed that their organization reduces the prices of product when venturing into a new market. This finding agrees with that of Kamar (2014) who also found that focusing on specific products and focusing on niche marketing improved performance of LPGCs .In addition, the findings showed that most of the research participants 58 (88.65%) agreed that their organization offers unique low cost products. The results as well indicated that most of the research participants 58 (87.95%) agreed that their company deals with market with special needs. Additionally, most of the research participants 59 (90.08%) agreed their company offers specified products for various market segments. Further, the study found that most respondents 59 (90.78%) agreed that their organization adjusts price to attract new customers. Most of the research participants 43 (65.15%) agreed that their organization focuses on markets overlooked by competitors. Additionally, most of the research participants 48 (72.73%) agreed that their organization has products tailored for persons in various economic classes.

4.4.4 Performance

The study aimed at determining the performance of pharmaceutical manufacturing firms in Nairobi. The findings were as shown in table 4.6.

Table 4.6: Firm Performance

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std dev
Our organization's profitability has been increasing for the last three years.	5 (7.58%)	9 (13.64%)	12 (18.18%)	23 (34.85%)	17 (25.76%)	3.58	1.23
Our organization has managed to reduce the cost of production for the last three years	3 (4.55%)	5 (7.58%)	11 (16.67%)	41 (62.12%)	6 (9.09%)	3.64	0.92
customers experiencing satisfaction	8 (12.12%)	5 (7.58%)	3 (4.55%)	43 (65.15%)	7 (10.61%)	3.55	1.17
increased market share	7 (10.61%)	5 (7.58%)	8 (12.12%)	33 (50.00%)	13 (19.70%)	3.61	1.2
Our organization has managed to venture into new investments	7 (10.61%)	7 (10.61%)	9 (13.64%)	28 (42.42%)	15 (22.73%)	3.56	1.25
Sales volume in our organization have increased for the last three years	3 (4.55%)	12 (18.18%)	2 (3.03%)	33 (50.00%)	16 (24.24%)	3.71	1.16
Customer surveys have shown brand loyalty for our products.	5 (7.58%)	4 (6.06%)	7 (10.61%)	18 (27.27%)	32 (48.48%)	4.03	1.24
Average						3.67	1.17

Source: Survey Data (2019)

The findings indicated that most of the research participants 40 (60.61%) agreed their organization’s profitability has been increasing for the last three years. It was also found that 47 (71.21%) of the respondents agreed that their organization has managed to reduce the cost of production for the last three years. Additionally, most 50 (75.76%) of the respondents agreed that their customers have been experiencing satisfaction from their firm’s products and services. It was also found that most of the research participants 46 (69.70%) agreed that their organization has experienced an increase in market share for the last three years. The results as well indicated that most respondents 43 (65.15%) agreed that their organization has managed to venture into new investments. Furthermore, it was found that most study participants 49 (74.24%) agreed that sales volume in their organization have increased for the last three years. A large number of respondents 50 (75.75%) agreed customer surveys have shown brand loyalty for their products. The above results concur with that of Oyoolo and Bett (2017) who found that improved performance in pharmaceutical firms was depicted by increased profitability, sales volume and customer loyalty.

4.5 Inferential Statistics

Inductive analysis was performed to yield results of correlation, fitness model and analysis of variance and regression coefficients.

4.5.1 Correlation Analysis

To discover out the relation between the autonomous variables and the dependent variable, correlation analysis was performed.

Table 4.7: Correlation Analysis

		performance	cost leadership	differentiation	focus
performance	Pearson Correlation	1			
	Sig. (2-tailed)				
cost leadership	Pearson Correlation	.592**	1		
	Sig. (2-tailed)	0.001			
differentiation	Pearson Correlation	.651**	-0.14	1	
	Sig. (2-tailed)	0.000	0.264		
focus	Pearson Correlation	.556**	0.174	0.115	1
	Sig. (2-tailed)	0.003	0.163	0.357	

** Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2019)

The findings showed that cost leadership strategy and firm performance are positively and significantly related(r=0.592, p=0.001). This finding supports that of Chepchirchir, Omillo and Munyua (2018) as a result of utilizing this approach, there was increased firm sales volume and profits. Further, there was reduction of costs associated with operations that resulted to increased profit margin. The findings also showed a strong positive and significant relationship between differentiation strategy and firm performance (r=0.651, p=0.000). This is in line with findings of

Nuru (2015) whose findings that there is a positive relationship between differentiation strategy and firm performance. However, it disagrees with that of Demba (2018) who found that differentiation strategy adopted by the selected car rental business in Nairobi City County had no effect on their performance. In addition, there was a strong positive and significant relationship between focus strategy and firm performance(r=0.556, p=0.003). This supports findings by Muia (2017) whose finding showed that a correlation analysis between focus strategy and performance was strong and positive and the regression coefficients showed a positive and significant relationship between focus strategy and insurance performance.

4.5.2 Regression Analysis

Regression analysis was done to determine the effect of the independent variables on the dependent variable. The results in Table 4.8 presented the fitness of model of regression model used in explaining the study phenomena.

Table 4.8: Model Fitness

Indicator	**Coefficient**
R	0.928
R^2	0.863
Adjusted R^2	0.854
Std. Error	0.06764

Source: Survey Data (2019)

In illustrating firm success in pharmaceutical companies, cost leadership strategy, differentiation strategy and focus strategy were found to be adequate factors. This result coincides with that of Kinyuira (2014), who observed major positive impacts on the production of SACCOs from cost leadership, differentiation and focus strategies. This was confirmed by the determination coefficient, also known as the 86.3 percent R square. This meant that 86.3% of the changes in the dependent variable, which was efficiency, were explained by cost control strategy, differentiation strategy and focus strategy. The findings further suggested that the framework used to tie the relation between the variables was sufficient.

The p-value shows the degree of the relationship between the independent factor and the dependent variable in statistical significance testing. If the meaning number found is less than the critical value, also known as the probability value (p), which is statistically set at 0.05, then the inference would be that in describing the relationship, the model is important; otherwise the model would be considered non-significant. The results of the study of variance (ANOVA) are summarized in Table 4.19.

Table 4.9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	9.167	3	3.056	17.831	.000[b]
1	Residual	10.624	62	.171		
	Total	19.791	65			

Source: Survey Data (2019)

Regression analysis indicated that the model was statistically significant. Further, the results imply that the independent variables were a good predictor of pharmaceutical firms' performance. This was supported by a calculated F statistic of 17.387 which was greater than the critical F statistic of 12.156. The reported p value (0.000) was also less than the conventional probability of 0.05 significance level. Therefore, all the generic strategies have a significant influence on the performance of pharmaceutical firms was rejected.

Table 4.10: Regression of Coefficients

	β	Std. Error	t	Sig.
(Constant)	0.507	0.556	0.911	0.016
Cost_ leadership	0.452	0.103	4.381	0.000
Differentiation_ Strategy	0.468	0.092	5.09	0.001
Focus_ Strategy	0.234	0.098	2.382	0.02

Regression analysis showed that there is a positive and significant relationship between Cost Leadership and performance (β=0.452, p=0.000). This implies that a unit increase in cost leadership would lead to improvement in firm performance by 0.452 units. This finding supports that of Chepchirchir, Omillo and Munyua (2018) as a result of utilizing this approach, there was increased firm sales volume and profits. The analysis also indicated that that there is a positive and significant relationship between product differentiation and firm performance (β =0.468, p=0.000). This is in line with findings of Nuru (2015) whose findings that there is a positive relationship between differentiation strategy and firm performance. Similarly, this implies that a unit increase in product differentiation would lead to improvement in firm performance by 0.468 units. Further, the regression results revealed that there is a positive and significant relationship between focus strategy and firm performance (β =0.234, p=0.000). This means that a unit increase in focus strategy would lead to improvement in firm performance by 0.234 units. This supports findings by Muia (2017) whose finding showed that a correlation analysis between focus strategy and performance was strong and positive and the regression coefficients showed a positive and significant relationship between focus strategy and insurance performance.

Thus, the optimal model for the study is;

Y = 0.507 + 0.452 Cost leadership + 0.468 Product Differentiation + 0.234 Focus strategy

CHAPTER FIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This part provides the description of the results of the study and the inferences; it articulates the suggestions and proposals for additional studies. This was achieved in accordance with the study's aims and findings.

5.2 Summary of Findings

A description of the results from the research was given in this part. This was done in accordance with the study's goals. The first aim of the study was to assess the effect of cost leadership in Nairobi city County , Kenya, on the efficiency of pharmaceutical firms. The results showed that a substantial correlation existed between cost leadership and company efficiency. The results were also confirmed by the questionnaire results, with the large proportion of participants agreeing with the assertions made. This was also reinforced by the outcomes of regression, which showed that cost leadership had a substantive and significant impact on company efficiency.

The other research aim was to assess the effect on the performance of pharmaceutical manufacturing firms in Nairobi city County, Kenya, of product differentiation. The results showed a major correlation between the companies' product differentiation and efficiency. The results were also confirmed by the assertions in the questions, which were approved by most participants. The regression outcomes, which showed that product differentiation had a direct positive impact on the success of pharmaceutical companies, also confirmed this.

The third objective of the study was to evaluate the effect of the focus strategy on the output of the companies producing pharmaceutical products in city County, Kenya. The results confirmed that a substantial association existed between focus strategy and pharmaceutical company success. The results were also confirmed by the proclamations in the questionnaire, which were approved by most participants. The regression findings, which showed that the focus approach had a positive and important impact on the success of pharmaceutical companies, also confirmed this.

5.3 Conclusions

This section contains conclusions based on the study findings. This is in line with the study objectives.

It was concluded that investment in state of the art equipment and control of organizational overheads leads to an increase on firm's profitability. Based on the study findings, the study further concluded that avoidance of marginal customer accounts and cost minimization in research and development results to improvement in firm profitability. Additionally, the study concluded that cost minimization in sales and advertising leads to increase Return on Assets.

It was also concluded that development of unique products and Building perceptions of exclusivity of organizational products results to firm profitability as well as increased market share. It was also concluded that developing high quality products and offering after sale support services enhances customer loyalty and increased market share. Additionally, it was concluded that using a different marketing approach compared to the competition increases the sales volume and firm's Return on Assets.

It was also concluded that reducing the prices of product when venturing into a new market leads to increased sales and improvement in the market share. The study further concluded that dealing with market with special needs leads to increased sales volume and customer loyalty. It was further concluded that adjusting price to attract new customers and focusing on markets overlooked by competitors results to increased firm profits and increased market share.

5.4 Recommendations for Policy and Practice

Based on the findings, it is recommended that firms should Investment in state of the art equipment and Control of organizational overheads to increase on their profitability. The study also recommends that the pharmaceutical firms' management should reduce marginal customer accounts and minimize the research and development expenses in order to make more profit margins. The study further recommends that pharmaceutical firms should minimize the sales and advertising costs to enhance more Return on Assets.

It was also recommended that businesses should conduct customer satisfaction surveys in order to bridge the niche that may be identified. This way, businesses will be in a position to offer the relevant products and services and gain customer loyalty which eventually leads to increased profitability. In addition, it was recommended that non price competition strategies such as product packaging should be adopted by pharmaceutical firms to increase Return on Assets. Customers would prefer to buy uniquely packaged products as they appear appealing.

It was as well recommended that the managers of the pharmaceutical firms should strategically reduce the prices of products when venturing into a new market in order to reap increased sales and improvement in the market share. The study further recommended that firms should consider dealing with market with special needs in order to achieve increased sales volume and customer loyalty.

5.5 Suggestions for Further Studies

Prospective areas of research should concentrate on other competitive strategies, since the 3 generic techniques found did not provide for 100% of pharmaceutical companies' output variations. A review to evaluate the validity of findings in other industries, such as the financial industry, listed companies, public organizations and non - profit organizations, could also be relevant. Similar studies should also be conducted using a larger sample size and also making use of qualitative data. Researchers may also focus on other counties for comparison of findings since this research was delimited to Nairobi city County.

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APPENDICES

Appendix I Letter of Introduction

Dear Research Participant,

I am taking a study research on the 'GENERIC STRATEGIES AND PERFORMANCE OF PHARMACEUTICAL MANUFACTURING COMPANIES IN NAIROBI COUNTY, KENYA'. This is in partial fulfillment of the requirement for the award of the master degree in Kenyatta University. A questionnaire is attached, and each question should be answered in your own true consent. Any of these statements receive no wrong answers. The information contained in this questionnaire is strictly private and applicable only for this research purpose.

Thank you for getting the moment to complete the questionnaire.

Thank you,

Yours ,

Grace Wanjiru

Appendix II Research Questionnaire

SECTION A: Demographic Information

Tick (√) the appropriate blank space provided

Company name …………………………………… (Optional)

1. What is your position in this company?...............

2. Indicate your gender …………………….

3. Highest education achieved:

Diploma ( )

Under Graduate Degree ( )

Post Graduate ( ) PhD ( )

Others (please specify……………………………………………………..

4. How many years has this organization been in operation?

10 yrs and below ( )

11 – 15 yrs ( )

16 – 20 yrs ( )

21 yrs and above ( )

5. What is the nature of you company?

Multinational company ( )

Local company ( )

6. How long have you been here?

1 – 5 yrs ( )

6 – 10 yrs ( )

11 – 15 yrs ( )

16 – 20 yrs ( )

21 yrs and more ( )

SECTION B: COST LEADERSHIP STRATEGY

6. Kindly illustrate the degree to which you resonate with the below assertions about the cost control techniques used in Nairobi by pharmaceutical firms. The extent of accord with the assertions is given by checking in the correct space provided.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
state of the art equipment					
Monitoring operational costs					
Selling standard products					
Overheads control					
Avoiding marginal accounts					
Low R&D cost					
Low cost advertising					
Shorter learning curve					
Low Cost Sales					

SECTION C: DIFFERENTIATION STRATEGY

7. Kindly illustrate the degree to which you resonate with the below assertions about the differentiation strategies used in Nairobi by pharmaceutical firms. The extent of accord with the assertions is given by checking in the correct space provided.

	Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
unique products					
Best cost strategy					
Exclusivity of products					
High quality products					
Unique products					
After sale services					
Different marketing approach					
Speaking about the firm products to selected panels					

SECTION D: FOCUS STRATEGY

8. Indicate the level of agreement with the statement provided by ticking (√) in the appropriate space provided

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Low price in new markets					
The organization offers unique low cost products					
Our company deals with market with special needs					
Our company offers specified products for various market segments.					
The organization adjusts price to attract new customers					
The organization focuses on markets overlooked by competitors					
Our organization has products tailored for persons in various economic classes					

SECTION E: PERFORMANCE

9. Indicate the level of agreement with the statement provided by ticking (√) in the appropriate space provided

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Our organization's profitability has been increasing for the last three years.					
Our organization has managed to reduce the cost of production for the last three years					
Customers experiencing satisfaction					
Increased market share					

Our organization has managed to venture into new investments					
Sales volume in our organization have increased for the last three years					
Customer surveys have shown brand loyalty for our products.					

Appendix III: List of Pharmaceutical Manufacturing Firms in Nairobi, Kenya

Source: Kenya Medical Supplies Authority (2017)

1. Questa Care Limited
2. Alpha MML
3. Beta HIL
4. Biodeal LL
5. Bulk ML
6. Cosmos LTD
7. Dawa LTD
8. Elys CIL
9. Gesto PLTD
10. GlaxoSmithKline
11. Laboratory & Allied
12. Manhar BL
13. Macs Pharmaceuticals
14. NML
15. PAAL
16. PM Limited
17. Regal P.ltd
18. Revital (EPZ) K
19. UCL
20. Skylight Chemicals
21. Nerix Pharma Limited
22. Infusion Medicare (K) Limited

Appendix IV: Kenyatta University Research Approval

KENYATTA UNIVERSITY
GRADUATE SCHOOL

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

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 020-8704150

Internal Memo

FROM: Dean, Graduate School   **DATE:** 28th July, 2020

TO: **Ms. Grace Wanjiru Ngugi**
C/o Department of Business Administration   **REF:** D53/PT/38387/2017

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

===

This is to inform you that Graduate School Board, at its meeting on **1st July, 2020**, approved your Research Project Proposal for the MBA Degree entitled, **"Generic Strategies and Performance of Pharmaceutical Manufacturing Companies in Nairobi County, Kenya."**

You may now proceed with your Data collection, subject to clearance with the Director General, National Commission for Science, Technology & Innovation.

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

Thank you.

ELIJAH MUTUA
FOR: DEAN, GRADUATE SCHOOL

CC. Chairman, Department of Business Administration

Supervisors:

1. Mrs. Esther Gitonga
C/o Department of Business Administration
Kenyatta University

Appendix V: NACOSTI Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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Date of Issue: **26/August/2020**

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