INFLUENCE OF STRATEGIC RESPONSES ON THE
CHANGES IN THE INTERNAL PERFORMANCE AMONG
PHARMACEUTICAL FIRMS IN KISII COUNTY, KENYA

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Abstract
Pharmaceutical firms are challenged with high compensation demanded by qualified workers. Though it is clear that qualified personnel is required for good performance in the health sector, it is not clear what strategic responses are used by pharmaceutical firms to improve the performance in offering their services. Specific research objectives in this study were: to assess the relationship between strategic responses and internal performance in pharmaceutical firms, to find out the level to which setting of targets influence internal performance of pharmaceutical firms in Kisii County, to establish the level to which working environment influences internal performance of pharmaceutical firms in Kisii County and to find out the level to which amount of salary influence internal performance of pharmaceutical firms in Kisii County. Target population comprised of the respondents from 42 pharmaceutical firms operating in Kisii County. A census method was used and the data was analyzed using SPSS. The study found out that most team building workshops were organized once a year. Most pharmaceutical firms provide medical cover to their employees. Most employees take annual leave and it does not have any effect on internal performance of pharmaceutical firms. And that the internal performance of pharmaceutical firms is influenced with employees’ salary per month. Results of this study therefore will help managers of pharmaceutical firms as they understood how different strategic responses influence their subordinates’ performance and decide which strategic responses to use to effectively manage the performance in a bid to improve productivity of the subordinates.

Keyword: Target Setting, Remuneration, Working environment, Internal performance, Pharma
INTRODUCTION
Strategic management influences performance of organizations and helps them to achieve their vision, objectives and strategies hence becoming competitively advantaged (Sharabati and Fuqaha, 2014). Committed workers have a positive impact on performance of organizations and the management should have strategies that attract these workers and retain them which include good working environment, high achievable targets and reasonable amount of salary. Although these strategies are used by management to encourage workers for productivity, there are situations where biasness is included. According to Mensah and Dogbe (2011), the biased appraisal methods used by management kills motivation and does not attract workers with experience and required ability to execute duties. This is supported by Susanty, et al. (2013) who indicates that the level of appraisal that one receives influences the efforts one puts on the job, therefore increasing performance levels in the organization.

Gardner, et al. (2004), assert that management assumes that the higher the employees are paid, the more they are productive. Gardner et al. (2004) continue to assert that this assumption has not been tested and hence a study on the influence of amount of salary paid on performance of workers is crucial. Qasim, et al. (2012) recommend that management should seek to improve workers’ motivation by employing different strategies and this includes good working environment which Qasim, et al. (2012) argue is the most motivating factor towards work performance. In his study about impact of motivation on employees’ performance with effect of training in Pakistan, Asim (2013) states that most organizations forget to motivate their workers but concentrate on using various tactics to win and maintain customers. Asim (2013) argues that the only way to achieve organizational goals is by motivating those who work for the organizations and then they will be able to increase customer base. Hong, et al. (2013) in their study about factors affecting job satisfaction amongst employees of a factory in Seremban, Malaysia indicate that methods used to decide amount of salary and quality of working environment have great influence on the perception of those who work in the organization. These assertions are supported by Naharuddin and Sadegi (2013) who studied factors of work place environment that affect employees’ performance with a case of Miyazu, Malaysia. Naharuddin and Sadegi (2013) found out that quality of working environment affects performance of workers.

Statement of Problem
All business organizations exist and carry out their activities within the environment. The environment provides the organization with inputs which they transform to outputs though internal processes and then the outputs are given back to the environment. Therefore in order to
survive in the environment organizations have to pay attention to the environment more especially the internal environment. The internal environment is composed of factors like financial resources technology, human resources, structures and process. Pharmaceutical firms being business organizations then they need response to their unique environment strategy is the sustained pattern of resource allocation by which companies align themselves effectively to their external environment. Hence a useful place to start is to consider the macro environment so as to fit into the competitive economy.

Pharmaceutical drug providers are challenged with engaging the right people; as high compensation would be demanded by qualified workers. Unfortunately, most pharmaceutical organization fails to recognize the importance and contribution of change which traditionally is viewed as clerical stuff (Giunipero et al., 2006). Therefore not much attention is given to the importance of change response strategies on company performance.

In order to overcome challenges in the context of sustaining and developing internal performance, there are needs for organization to formulate and implement effective change practices, as embracing the change response strategies will contribute 50% reduction on expense for every shilling saving. Poor performance in health sector which leads to death of patients has been caused by lack of enough health professionals who are fifty percent of required number and hence these less qualified people are allowed to provide health services. Though it is clear qualified personnel are required for good performance in the health sector, it is not clear how strategic responses used by pharmaceutical firms improve the performance in offering their services. All the studies that have been done have concentrated on the macro environment that’s the external factors that require strategic responses from the business organizations. Thus the main objective of this study was to look at the influence of strategic responses on the internal performance of the organization. Specific objectives of the study were:

i. To find out the extent to which target setting influence internal performance of pharmaceutical firms in Kisii County.

ii. To establish the extent to which working environment influences internal performance in pharmaceutical firms in Kisii County.

iii. To find out the extent to which remuneration influences internal performance of pharmaceutical firms in Kisii County

THEORETICAL FRAMEWORK
Subjective judgment by employers on their employees can kill their morale and seriously demotivate them. According to Sunang (2001), appraising the performance of an organization's
workers is a key issue to effective management. Sunang (2001), indicate that appraisals of performance give feedbacks on what workers do, helps in diversifying the ways employees do their things and also gives management the necessary data for future duty assignments. The perception of employees towards performance appraisals directly determines their perception on performance and hence their contribution in terms of production to the organization. Positive perception increases motivation which results to high performance of duties (Gabris and Mitchell, 1989, as cited in Sunang, 2001, p.5).

**Strategic Triangle Theory**

Public value can be described as the contribution made by the public sector to economic, social and environmental well-being of a society or nation, and can be generally defined as what the public is willing to make sacrifices of money and freedom to achieve (Kelly et al., 2002). Public value theory argues that the creation of public value is the ultimate goal of public sector programmes and activities – the value proposition that should guide public organizations (Moore, 1995; Moore, 2000).

Professor Mark Moore (1995) formulated the Public Value framework to imbue public sector managers with a greater understanding of the constraints and opportunities within which they work, and the challenge to create publically valuable outcomes. His central proposition was that public resources should be used to increase value not only in an economic sense but also more broadly in terms of what is valued by citizens and communities. Moore developed a ‘strategic framework’ in an attempt to capture the aims and constraints of public sector management and to help align goals, authorization and operational capability (Moore, 1995).

The Public Value approach envisages a manager’s purpose as going beyond implementation of policy and adherence to institutional norms. It includes seeking out opportunities to make significant improvements to the lives of the public. The role is envisaged as a strategic decision maker who works at the intersection between three imperatives of value, legitimacy and feasibility. Unlike private enterprise, organizations providing public services are directly accountable to citizens and their democratic representatives. Therefore, Public Value cannot be delivered without ongoing public engagement and dialogue. Allied to this, the public value manager must be skilled in the efficient and innovative deployment of available resources, and effective in persuading other stakeholders to adopt similar purposes and approaches. The ability to adapt to, shape and manage the external environment is also a core skill of the Public Value manager.
Kurt Lewin's Three Step Model

Kurt Lewin from his work on change management comes up with some models. The key one being the action research model – This model is based on the emphasis that change requires action and also the recognition that successful action is based on analyzing the situation, identifying possible alternative solutions and choosing the one most appropriate to the situation at hand. An agent gathers data and solves the problem jointly with the client (Barnes, 2008). This model proposes going through the steps of unfreezing, moving/change and re-freezing. Unfreezing involves removing those forces, maintaining the organization behavior at its present level. Lewin's view was that a successful change process should involve three steps — Unfreezing, Change and Refreezing. The present level involves reducing the forces that maintain the organization behavior at its present level with change triggered by creating urgency and readiness to acquire or learn new behavior. Moving involves acting on the results of unfreezing; that is take action to move to the desirable state of affairs. Refreezing seek to stabilize the organization at the new set of equilibrium (Richardson, 2002).

If the theory is properly applied will enable us to track the internal performance of strategic responses on the change among pharmaceutical firms in Kisii country, Kenya

Institutional Theory

The problem of whether performance measurement could improve public service delivery can be examined by applying the institutional theory. One major topic of the institutional theory (for a short summary see Kondra and Higgins, 1998, p. 744) has been the role of institutional norms. After a research project on schools, Meyer and Scott (1983), back in the 1970s, formulated the hypothesis that a continuum of organizations exists running from those dominated by technical criteria (e.g. manufacturing companies) to those dominated by “institutional” criteria (e.g. schools, private nonprofits, public administrations). For organizations dominated by technical criteria “technical” efficiency is vital, for those dominated by institutional criteria legitimacy and not technical efficiency is the guiding principle. Conformity to societal and cultural expectations or, more generally speaking, to external institutional norms, are the most relevant factors for this type of organizations. With this type of organizations conformity to the institutional norms of the external environment enhances their survival capabilities, opens access to resources and increases their stability. A technically optimized work flow is of less importance for institutionalized organizations than for those dominated by technical criteria. Following Greenwood and Higgins (1988), institutional norms deal with appropriate domains of operation, principles of organizing, and criteria of evaluation.
Values and beliefs external to the organization play a significant role in determining organizational norms. “Institutional” organizations may conform to these rules and requirements in order to increase their legitimacy (DiMaggio and Powell, 1991; Meyer and Rowan, 1977). For this type of organization technical or economic efficiency may not be the driving force as they are forced to make trade-offs between sometimes conflicting external stakeholders interests. Public organizations have to deal with many external constraints, which potentially decrease the economic efficiency. Wilson for example regards the technical inefficiency of the checks and balances of the American constitution as a small price to pay for freedom and responsiveness of government (Wilson, 2000, p. 326).

Looking at the role performance measurement may play in institutionalized organizations one can say that it is an instrument that may contribute to the legitimacy in cases where market-oriented reforms are high on the agenda. Roy and Sèguin (2000, p. 449) are convinced that in the reasoning of the institutional theory, performance measurement is not adopted as technical efficiency-oriented approach for increasing the productivity of public services but mainly for its symbolic values in order to meet important external stakeholder expectations. For Johnsen, such reasoning fits best in an egalitarian public management culture, which stresses the potential of window-dressing and the function of a symbolic and decoupled use of performance measurement (Johnsen, 2005).

Likelihood exists that performance measurement is, among other reasons, implemented in order to comply with the rhetoric of the market reforms in the public sector. Performance measurement, with its promises to improve economic efficiency, helps to create an impression of a modern public administration by incorporating management elements, which presumably work in the private sector, in order to meet the productivity challenge. Some proponents of institutionalism would also support the notion that performance measurement with its seeming rationality can also be seen as a step towards mythologizing public service providers as (economically) rational organizations. This may help public service providers to legitimize themselves at least in the eyes of those political decision makers and actors, who are convinced that more market elements will lead to better public services (for performance myths in the public sector).

This will, of course, only work if the myth cannot be easily dispelled by any relevant stakeholder group. If there are obvious gaps between the reported performance and the real performance it is likely that any stakeholder group whose interests are served by pointing at this discrepancy will draw the attention to this gap.
Research Gaps
Level of compensation and quality of working environment have been proved to be influencers of employees’ turnover rate (Leblebici, 2012) with findings of some studies not supporting outsourcing as foreigners are favored in the workplace than indigenous people (Abou and Abou, 2013). According to Muthoka and Ogutu (2014), most of strategies employed by organizations are not used to their optimal level which then leads to underperformance. The current study therefore seeks to establish the influence of strategic responses employed by pharmaceutical firms on internal performance with a survey of pharmaceutical firms in Kisii County, Kenya.

RESEARCH METHODOLOGY
This study adopted a survey research design was used to study influence of strategic responses employed by pharmaceutical firms on internal performance in Kisii County. A survey research design helps in collecting primary data from few respondents and then findings are generalized to represent the whole group where the few respondents happen to come from (Thayer-Hart, et al., 2010).

The target population of this study comprised of forty two pharmaceutical firms operating in Kisii County targeting two respondents from each pharmaceutical giving a target population of 84 respondents. A census of all pharmaceutical firms operating in Kisii County was obtained for the study. The firms were grouped according to their sub-counties.

A self- administered questionnaire with multiple-choice questions was used to collect primary data. Validity of the questionnaire was ensured through the guidance of experts. To assess reliability of the questionnaire, the author collected data from twenty pharmaceutical
firms not included in the sample and then analyzed using statistical package for social scientists (SPSS). The author expects reliability coefficient of 0.7 and above to be acceptable with questions having 1s, 0s or negatives being eliminated as 0s show that the questionnaire is full of measurement errors and 1s mean there is no error at all (Radhakrishna, 2007). Data collected was edited, coded, cleaned and then analyzed using statistical package for social sciences (SPSS) with the help of an expert. The data was then presented through use of frequency tables and charts.

RESULTS AND DISCUSSION

Descriptive statistics was used to discuss the findings of the study. The study targeted a sample size of 84 respondents from which 76 filled in and returned the questionnaires making a response rate of 90.5%, this response rate was satisfactory to make conclusions for the study as Cooper and Schindler (2003), states that a response rate of between 30 to 80% of the total sample size can be used to represent the opinion of the entire population.

Target Setting

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>48</td>
<td>63.2</td>
</tr>
<tr>
<td>No</td>
<td>28</td>
<td>36.8</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to determine the whether the targets set by the management were attainable and their effect on pharmaceutical firms’ internal performance in Kisii county, from the findings, most of the respondents as shown by 63.2% agreed that the target were attainable, whereas 36.8% of the respondents disagreed arguing that coming up with plans on how to achieve set targets as they anticipate the challenges or opportunities that may come up as they strive to achieve those targets is a big problem.

The finding above concurs with the study findings by Inyang, (2009), that (for employees to achieve the set targets, there must be efficient performance management usually done by supervisors; performance measurement is only done if goals are set and this goal setting involves the goal itself, motivation, improvement and feedback on performance, motivation encourages employees to be disciplined and committed towards their work and hence achieve their goals.
Working Environment

Table 2: Influence of Environmental Factors on Internal Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderately extent</th>
<th>Less extent</th>
<th>No extent</th>
<th>mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of working in a day</td>
<td>21</td>
<td>43</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>1.83</td>
<td>0.26</td>
</tr>
<tr>
<td>In sales facilitation</td>
<td>20</td>
<td>46</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>1.76</td>
<td>0.29</td>
</tr>
<tr>
<td>Annual leave days in a year</td>
<td>26</td>
<td>45</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>1.80</td>
<td>0.28</td>
</tr>
<tr>
<td>Communication costs</td>
<td>25</td>
<td>44</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1.81</td>
<td>0.31</td>
</tr>
<tr>
<td>Variable pay</td>
<td>19</td>
<td>41</td>
<td>15</td>
<td>1</td>
<td>0</td>
<td>1.84</td>
<td>0.32</td>
</tr>
<tr>
<td>Lunch while out of office</td>
<td>22</td>
<td>47</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>1.71</td>
<td>0.23</td>
</tr>
<tr>
<td>Transport cost while out of office</td>
<td>28</td>
<td>42</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.87</td>
<td>0.25</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which respondents agreed with the above statements relating to environmental factors, from the research findings the study established that majority of the respondents agreed that; Lunch while out of office as shown by mean of 1.71 and a standard deviation of 0.23 influences internal performance, In sales facilitation as shown by mean of 1.76 and a standard deviation of 0.29 influences internal performance, Annual leave days in a year as shown by mean of 1.80 and a standard deviation of 0.28 influences internal performance, Communication costs also as shown by a mean of 1.81 and a standard deviation of 0.31 influences internal performance, duration of working in a day as shown by a mean of 1.83 and a standard deviation of 0.26 influences internal performance, variable pay as shown by a mean of 1.84 and a standard deviation of 0.32 influences internal performance and finally transport cost while out of office as shown by a mean of 1.87 and a standard deviation of 0.25 influences internal performance.

The finding above concurs with the study findings by Chandrasekar, (2011). According to the Chandrasekar (2011), most of the working environments are not healthy and safe which at times leads to the illnesses and hence affecting the productivity of workers negatively which in turn lowers their motivation levels towards working and thus ultimately reduce profits for the firm.
Remuneration

Table 3: Influence of Employees’ Salary per Month on Internal Performance

<table>
<thead>
<tr>
<th>Range</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-20000</td>
<td>18</td>
<td>23.7</td>
</tr>
<tr>
<td>21000-40000</td>
<td>30</td>
<td>39.5</td>
</tr>
<tr>
<td>41000-50000</td>
<td>14</td>
<td>19.0</td>
</tr>
<tr>
<td>51000-70000</td>
<td>-</td>
<td>11.2</td>
</tr>
<tr>
<td>Above 70000</td>
<td>5</td>
<td>6.6</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to determine the influence employees’ salary per month had on internal performance of pharmaceutical firms in Kisii county, from the findings, most of the respondents as shown by 39.5% had a salary per month ranging between Ksh21000 to Ksh40,000, 23.7% of the respondents had a salary ranging between Ksh 0 to Ksh20000, 19.0% of the respondents had a salary per month ranging between Ksh41000 to Ksh50000, 11.2% of the respondents had a salary per month ranging between Ksh51000 to Ksh70000 whereas 6.6% of the respondents had a salary ranging above Ksh7000. This is an indication that on internal performance of pharmaceutical firms is influenced with employees’ salary per month concurring with Shah (2011) that lack of enough salary is one of the stress factors at any job; employers tend to give their workers less money than their production in order to be better off by lowering costs while on the other hand employees would want to receive more pay than what they actually produce.

CONCLUSIONS

From the findings the study established that highly motivated employees serve as the competitive advantage of any company because their performance leads an organization to well accomplishment of its goals and in today’s dynamic environment the highly motivated employees serve as a synergy for accomplishment of company’s goals, business plans, high efficiency, growth and performance in pharmaceutical firms in Kisii county.

The study established it is useful for most pharmaceutical firm in Kisii County to provide medical cover to their employees since a good working environment improves the motivation for workers and increases their productivity; the working environment has an influence on workers performance.
The study ascertained that performance of pharmaceutical firms in Kisii County is influenced with employees’ salary per month. Lack of enough salary is one of the stress factors at any job; employers tend to give their workers less money than their production in order to be better off by lowering costs while on the other hand employees would want to receive more pay than what they actually produce.

This research intended to assess influence of strategic responses on the changes in the internal performance among pharmaceutical firms in Kisii country. Other researcher may focus on the effect of strategic response on financial performance of pharmaceutical institutions in Kenya

RECOMMENDATIONS
Based on the findings, the study recommends that the management on pharmaceutical organizations should consider setting targets as strategic responses to ensure effective internal performance. This will allow the management to create a comprehensive understanding that can be leveraged to influence stakeholders and create better decisions on the market.

The study recommends that the pharmaceutical organizations keep on motivating employees as well as re-assessing the remuneration policies. This will help to identify whether the adopted counteractive measures are making any acceptable difference.

The study recommends that the pharmaceutical organizations management should have an effective working environmental management plan. This will help to identify internal and external constraints which are likely to cause a significant increase in the budget, disruption of the schedule or performance problems. By identifying the constraint the management is in a position to ensure effective internal performance.

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APPENDIX

QUESTIONNAIRE

Target Setting
Are the targets attainable
Yes [ ]
No [ ]

Working Environment
The following are working environment factors that affect the good working of the employees (scale: 1 = very great extent, 2 = great extent, 3 = moderately extent, 4 = less extent, 5 = No extent)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
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<tr>
<td>Annual days in a year</td>
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<tr>
<td>Transport cost while out of office</td>
<td></td>
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</tr>
</tbody>
</table>

Remuneration
20. What is your salary per month (Tick in the box)
0 - 20,000 [ ]
21,000 - 40,000 [ ]
41,000 - 50,000 [ ]
51,000 – 70,000 [ ]
Above 70,000 [ ]