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INFLUENCE OF STRATEGIC PLANNING PRACTICES ON PERFORMANCE OF PHARMACEUTICAL MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA

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Abstract: The purpose of the study was to establish the influence of strategic planning practices on performance of pharmaceutical manufacturing firms in Kenya. Specifically, the study sought to establish how environmental scanning practices, influence performance of pharmaceutical firms in Kenya, to determine how strategy formulation practices, influence performance of pharmaceutical firms in Kenya, to examine how vision and mission statement affect performance of pharmaceutical firms in Kenya and to find out how stakeholder involvement influence performance of pharmaceutical firms in Kenya. The study used a descriptive study design. The sample size of 333 employees selected using stratified random sampling technique. The study used descriptive and inferential statistics to analyse the data. The results of the study showed that environmental scanning, strategy formulation, stakeholder involvement, vision and mission statement influences the performance of pharmaceutical manufacturing firms. The study concluded that conducting environmental scanning to identify the available threats and opportunities leads to firm's profitability and competitiveness. The study also concluded that Environmental scanning to provide insights for the events and trends in the industry results into improved services and efficiency in service delivery. The study also concluded that environmental scanning is vital in enhancing organizational performance as it identifies emerging issues and potential pitfalls that may affect our firm's competitive advantage. Furthermore, the study concluded that involving stakeholders in decision making leads to increased firm profitability and reduced employee turnover. The study also concluded that guiding employees on what is expected from them in order to achieve organizational goals has a positive effect on firm's performance. In addition, it was concluded that communicating firm objectives across all the organizational departments helps in improving firm performance. The study recommends that companies undertake environmental analysis on a routine basis to detect threats or even opportunities. In addition, with reference to results of this study, it is important that elaborate ways of involving all parties concerned be enacted in order to foster future programs that are properly defined to deem the company successful. In terms of presence in the projects of the company, all interested parties must also be informed of their duties and responsibilities

Keyword: Environmental scanning , Mission Statement, Stakeholder involvement, Strategic Planning Practices , Strategy formulation and Vision Statement.

Introduction

The company climate in which companies function is vibrant and turbulent, with steady and rapid modifications that often make approaches of yesteryear meaningless (Ofunya, 2013). The hyper competitive business environment has, according to Kourdi (2016), propelled institutions into limits which require strategic planning activities to encourage plans, choices and decisions which result in

competitive benefit and archive profit margins, success and wealth creation. The issue of why certain organizations achieve success and others fail (Melchorita, 2013), is addressed in strategic planning, which deals with the causes of firm successes or failures (Porter, 2001). Strategic planning activities have become increasingly important in recent years. Lengthy-term planning was the emphasis of entities during the previous century. Long-term planning has been expected to ensure a longer stable external and internal environment, thus drawing up long-term plans. Administrators and business owners today know that the environment can change on a dime and their ideas must pursue a strategy which also includes contingencies.

There are thus a range of environmental factors both internally and externally that can exert influence on firm's strategic planning practices (Kakunu, 2012). The notion of strategic planning involves taking choices and taking remedial action in order to attain a firm's long-term objectives and targets (Baker et al., 2011). It is an array of choices and actions which produce plans to achieve the aims of an organization (Freeman, 2014). Strategic planning practices therefore include strategic formulation; Environmental Scanning,Vision and Mission Statements as well as Stakeholder Involvement, which were seen in previous studies to influence the company's competitive positioning in the industry, thus determining performance (Johnson et al., 2016).Strategic planning activities can typically enhance productivity in different disciplines (Baker et al, 2011). Four key elements, strategy design and implementation are the strategic planning practice, assessment and monitoring (Wheelen & Hunger 2010). Strategic planning practices are expressed inside these four aspects and also defined as strategic planning processes. Strategy formulation is the adoption, in view of corporate strengths and weaknesses, of long-term plans for efficacious operations.

Most pharmaceutical manufacturing firms have made it key to ensure that their strategic planning functions are getting better over the last ten years. This is because the function has proven to be a strategic unit for many organizations because huge costs can be cut down through prudent strategic planning practices hence increase in profitability (Pearcy & Giunipero, 2010). Since a number of costs can be cut down through strategic planning practices, the association of low production costs with proper strategy has induced the pharmaceutical industry to embrace best strategic planning practices. Strategic Planning in pharmaceutical firms is the extent to which the organization is able to meet its own needs and the needs of its stakeholders for survival (Macharia, 2013). Strategic Planning is characterized by four performance dimensions. These include cost/productivity, time or speed, operations flexibility and quality (Titus, 2014). To achieve Strategic Planning, firms must consider all resources at its disposal for instance in the case of employees, the organization must consider them as assets and they must be treated with great attention so that the employees become motivated and productive. Sozen (2012) states that strategic planning is the series of management choices and actions, which dictate a firm's long-term efficiency. It covers environmental scan, strategy development (strategic or long-term planning), strategy implementation and evaluation and control, both external and internal. Thus, in context of the weaknesses and strengths of one company, the strategic planning research stresses oversight and assessment of external chances and threats. Strategic planning, actually refers to as business policy, covers issues such as strategic thinking, sustainability scan and sector analysis.

The pharmaceutical industry in Kenya consists of three sectors namely, manufacturers, distributors and retailers who actively support the Ministry of Health and other key players in developing the health sector in Kenya. 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 number of companies engaged in manufacturing and distribution of pharmaceutical products in Kenya continue to expand, driven by the Government's efforts to promote local and foreign investment in the sector. There are about 700 registered wholesale and 1,300 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists. These pharmacies are accorded a 25% mark-up on retail drugs. The pharmaceutical manufacturing sector in Kenya is also engaged in assembling capsules, disposable syringes, paracetamol, and surgical gauze amongst other. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50 per cent of the regions' market (Wilson, 2012). Out of the region's estimated 50 recognized pharmaceutical manufacturers, 32 are based in Kenya. Nairobi hosts the largest contingent of Multinational Pharmaceutical Companies (MNCs) in the region. Major European and American pharmaceutical manufacturing companies are present through locally incorporated affiliates, technical representative offices and local technical agents (Standard Digital, Jan 25, 2018).

The industry is regulated by the Kenya Association of Pharmaceutical Industries (KAPI). KAPI was established in the 1960's by a group of R&D based pharmaceutical manufacturing companies to promote high standards in the industry. The association draws its membership from large MNCs with local affiliates. KAPI's mission is to promote an ethical, innovative and responsible health care industry (Kenya's Pharmaceutical Industry, 2010).

Statement of the Problem

The pharmaceutical industry in Kenya plays a major role in supporting Kenya's health sector. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50 per cent of the regions' market (Wilson, 2012). Further, Kenya has the largest number of manufacturers (34) with the rest 14 being shared among the remaining East African countries. The industry, therefore, contributes immensely to the country's economy through export and job creation. As such, the facilitation of technology transfer to these countries and the performance of individual companies are of great importance since this is what translates to the overall performance of the industry (Wilson, 2012).

Despite its importance, the pharmaceutical industry has been facing a lot of competition both from the inside and outside the country (importers of raw materials who also manufacture finished product). A report by the Kenya Pharmaceutical Sector Profile (2018), indicated that imports have been rising

sharply and grew by more than 30% between 2017 and 2018 in another sectors but a decline from the pharmaceutical manufacturing sector which could be attributed to the low quality pharmaceutical products. The low quality was attributed to low cost of imported products as compared to the locally produced ones. There is therefore need for pharmaceutical manufacturing companies to come up with strategies to enhance their competitive advantage over the importing companies. It is in light of this, that this study seeks to determine the influence of strategic planning practices on performance of pharmaceutical manufacturing firms based in Nairobi County, Kenya.

Research Objectives

The purpose of the study was to establish the influence of strategic planning practices on performance of pharmaceutical firms in Kenya. The following were the specific objectives of the study;

1. To establish how environmental scanning practices, influence performance of pharmaceutical firms in Kenya.
2. To determine how strategy formulation practices, influence performance of pharmaceutical firms in Kenya.
3. To examine how vision and mission statement affect performance of pharmaceutical firms in Kenya.
4. To find out how stakeholder involvement influence performance of pharmaceutical firms in Kenya.

Theoretical Review

Theory is a series of interconnected ideas, interpretations and proposals that systematically characterize a situation. Theory thus directs practice and research, allowing the postulated theory to be tested. Theoretical constructs offer the opportunity to investigate a specific viewpoint. A theory refers to series of statements or fundamentals meant to explain a series of facts, or events, particularly one that's been examined on a number of grounds or which is generally accepted and could be employed to make claims on natural events. Theories are developed to illustrate, determine and fully comprehend phenomena as well as to question and expand current knowledge, in certain instances, in accordance with the crucial limitation premises.

Open system Theory

Ludwig von Bertanlanffy (1956) formed Open Systems Theory. The theory suggests that "all systems have a mixture of components; whose relationships render them interconnected." The theory, in relation to business, defines a concept where an organization is dependent on the environment in which it exists. This theory promotes an understanding of how an entity interacts with its environment. The interactions include people's movement, capital, commodities and facilities. Companies and the business surrounding mutually affect each other. In relation to the environment, Kreitner (2010) made an assertion that companies show dynamism, are developing and also adjusting. In modern murky environment, the approach to open systems is applicable and worthwhile in attaining

competitivity. Institutions conduct business as open systems, and mingle via hydrophobic borders with the environment (Luthans, 2010). Open systems dynamics characterize institutions. Features include environmental interplay and synergy, dynamic balance and equipment (Kreitner, 2010). Open systems theory is relevant to the independent variable, environmental scanning in that the performance of the pharmaceutical firms is greatly influenced by both the internal and external environments

The Theory of the Learning Organization

The idea of the organizational learning theory was developed by Chris Argrys and Donald Schon who suggested that learning takes place through the process of detecting and correcting errors. In Dodgson's 1993 paper, institutional learning is described as how companies evolve, complement and orchestrate their experience and routines in relation to their operations. The framework and semantic arrangements which allow organizations to learn are described by Popper and l'ipshitze (1998). Dixon (1994) describes organizational learning as the purposeful use of person, group and system-level learning processes in order to continuously reshape the organization into a way which is progressively pleasing the participants. Organizational learning concentrates on how learning can be integrated into organizational regimens and procedures to enhance the success of the organization. The theory of the learning organization is relevant to the independent variable; mission and vision setting and control in that pharmaceutical firms have to continue to apply various strategies so as to adopt the ever-changing environment.

The underlying rationale for organizational learning is that in circumstances of quick change just those that are adaptable, versatile and gainful will exceed expectations. For this to happen, it is contended, associations need to find how to tap individuals' responsibility and ability to learn at all levels. According to this theory, a learning organization has the following five characteristics; systems thinking, personal mastery, mental models, shared vision and team learning (Siemens, 2014). In this research, the theory was used as an approach to make the organization versatile to the external condition and ceaselessly upgrade its abilities to change and adjust through the advancement of group and also singular learning and by utilizing the aftereffects of figuring out how to accomplish better outcomes. In this respect, knowledge management processes safeguard the knowledge of the employee hence creating a competitive advantage.

Goal setting theory

In the 1960's, Edwin Locke advanced the theory of goal setting. The theory says that target setting is primarily associated with job performance. Having specific and challenging objectives, in conjunction with adequate feedback results in higher and better performance. The theory is connected to the study of strategy formulation by organizations, whereby their performance is influenced. Goal setting theory is a paradigm for comprehending the relations between motivation, attitudes and success. The underlying idea behind the theory of targeting is that people translate forces of motivation into observable behavior via the setting and pursuit of objectives. The objectives are therefore the mechanism that operationalizes motivation by using it to shape and drive behavior without such a

mechanism, motivation would simply be a collection of unrealized, internal forces of little consequence.

Stakeholder Theory

Freeman's (1994) stakeholder theory is the corporate management and corporate ethics theory that addresses morality and values in organization administration. A Stakeholder Approach recognizes and designs groups that are corporate stakeholders and both describes and recommends ways in which management takes due account of their interests. From the traditional point of view of a company, only owners or companies are important to shareholders, and the company has a fiduciary obligation to make its needs more important and to increase their value. First and then, stakeholder theory asserts that some other parties include staff, clients, vendors, finance companies, communities, government bodies and trade unions. Sometimes competitors are regarded as stakeholders and their status is based on their ability to influence the company and its participants.

In order to improve performance, the theory dictates that a company must take account and strive to live up to the expectations of its stakeholders. Although the company will take time to decide and face additional massive costs in meeting stakeholder standards, stakeholders are the key players of a company. The theory therefore predicts that an organization will improve its performance not just in the light of its stakeholders' needs but also fulfill its needs. A balance must however be established to make sure that the priorities of stakeholders are consistent with both the vision, mission and goals of the organizations. This theory covers the fourth independent variable involving stakeholders

Conceptual Framework

The conceptual framework includes independent variables or exploratory variables which are assumed to lead to changes in the dependent variable, and the dependent variable which the researchers wish to explain is also referred to as the criterion or predictor variable. This conceptual framework tries to explain determinants of performance in pharmaceutical manufacturing firms. It assumes that determinants comprise the environmental scanning, strategic formulation, mission and vision statement as well as stakeholder involvement. This is as illustrated in Figure 2.1

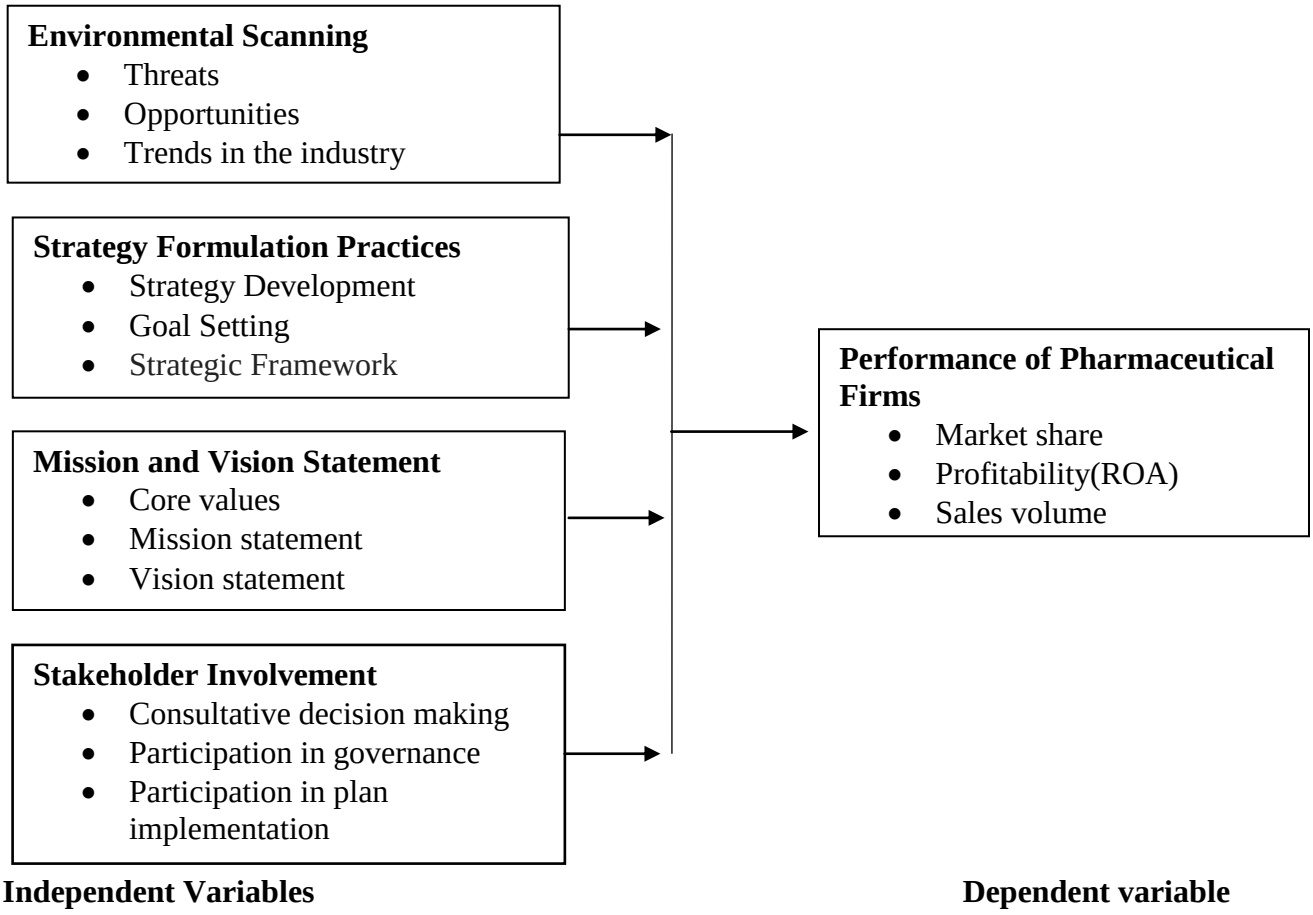

Figure 1: Conceptual Framework

Research Gap

A number of studies have been done on strategic planning practices in other industries other than the pharmaceutical industry in Kenya (Alexander, 2015; Ligare 2010; Macharia 2013;Merikol 2010;Njenga 2010 ;Ofunya 2013) Despite the numerous studies on strategic planning practices, the pharmaceutical industry has been largely neglected. The limitation of this study was the fact that it was carried out as a cross sectional survey on pharmaceutical importers and distributors in Kenya hence the results cannot be generalized to the whole pharmaceutical industry. There is therefore a need to carry out a survey of the pharmaceutical industry. In addition, several hypothetical trials on the impact of strategic planning activities on corporate results were conducted worldwide and locally. The relationships among strategic planning activities and organizations' success in various entities were discussed by Dauda et al (2010), and Ofunya (2013). The preceding questions are answered in this study: What is the effect of strategic planning on the performance of Kenya-based pharmaceutical companies?

Research Methodology

The project used descriptive approach, since descriptive research is intended to determine and report the manner of things according to Mugenda & Mugenda (2013), and to help establish the status of the subjects. The target population was 2504 employees drawn from 22 pharmaceutical manufacturing firms. A stratified, random technique of selection was applied for selection of 333 staff. A set of questions was used to obtain raw data. Collection of data from targeted institutions was authorized first. The set of questions formulated were verified by pilot tests for its validity and reliability. The descriptive statistics were inclusive of percentages as well as frequencies. The inferential statistics involved a structure of regression that defined the connection among different factors of the study. Table and pie charts were used for the display of the data outcomes.

Results And Discussion

The researcher gave out 333 questionnaires. Out of these, 295 were completed. In a descriptive study, the response rate of more than 50% is sufficient according to Sanchez (2011) and also Golafshani (2011). Golafshani, (2011), claimed that returns of more than 50% are good enough to analyze and publish, 60% good, 70% large and over 80% excellent. Based on the claims made by renowned scholars, the study is supplied with an excellent 88.6% response rate.

Descriptive Statistics

Influence of Environmental Scanning on Performance

The study first aimed to determine how environmental scanning activities affect pharmaceutical companies ' output in Kenya.

Table 1: Influence of Environmental Scanning on Performance

Environmental Scanning	**Mean**	**Std dev**
Identifies the available threats and opportunities	4.01	0.84
Identifies the competitive forces	3.99	0.81
Provides insights for the events and trends in the industry	3.95	0.97
Identifies emerging issues and potential	3.91	0.89
Identifies the political, social and economic situations that should be monitored	4.05	0.87
Determines the adequacy of the firm's resources and facilities	3.94	0.87
Average	**3.97**	**0.88**

The observations revealed that most study participants consented that the company management carries out environmental scans to assess the risks and opportunities presented as supported by a mean of 4.01 and standard deviation of 0.84. Most study participants also did agree that environmental scanning enables to recognize competitive forces as supported by a mean of 3.99 and standard

deviation of 0.81 . The outcomes also disclosed that most people (66.37 %) consented that environmental scans provide insight into the industry's events and trends as supported by a mean of 3.95 and standard deviation of 1.07. Furthermore, most respondents (64.26 percent) agreed that environmental scanning describes prospective problems and challenges which may impact on the competitive advantage of our company as supported by a mean of 3.91 and standard deviation of 0.89. The research has well confirmed that most (69.37 percent) respondents did agree that environmental scan helps identify the political, social and economic situations to be monitored as supported by a mean of 4.05 and standard deviation of 0.87. It was also noticed that the majority (65.46 %) of respondents made an agreement that environmental scanning helps to identify the adequacy of the company's resources and facilities as supported by a mean of 3.94and standard deviation of 0.87.

Influence of Strategy Formulation on Performance

The research paper also aimed to determine how strategy formulation and the performance of pharmaceutical companies in Kenya, are related.

Table 2: Influence of strategy Formulation on Performance

	Mean	Std. dev
Our company has well laid steps for strategy formulation	3.91	0.9
Our company' management adopts proactive approach to strategy formulation	4.2	0.85
All the stakeholders are involved in strategy formulation	3.92	0.86
Strategy formulation acts as a guide to employees on what is expected from them in order to achieve organizational goals	4.01	0.83
Our firm has objectives that are communicated across all the departments.	4.02	0.88
Our firm has clear plans on how to achieve organizational objectives	3.95	0.84
Average	4.01	0.86

The results have shown that most (71.93 %) participants concur that the strategy is well defined for their business as supported by a mean of 3.91 and standard deviation of 0.9. The research also found that a lot (71.47 %) of people surveyed consented to adopt a proactive approach to strategy formulation by their company management as supported by a mean of 4.02 and standard deviation of 0.85. The figures also show that most respondents (64.26 %) made an agreement that the strategy was developed by all stakeholders as supported by a mean of 3.92 and standard deviation of 0.86. Furthermore, the large percentage (67.13 %) concurred that strategy formulation provides employees with a guide for what their employees expect from them to achieve organizations' objectives as supported by a mean of 4.01 and standard deviation of 0.83. The study also uncovered that most participants (75.17 %) concurred that their business is aimed at communicating objectives across all departments as supported by a mean of 4.02 and standard deviation of 0.88. In addition, most interviewees (65.77 percent) consented that their company had clear plans for achieving organizational goals as supported by a mean of 3.95 and standard deviation of 0.86.

Influence of Mission and Vision Statement on Performance

The third objective of the study was to establish how mission and vision statement, influence performance of pharmaceutical firms in Kenya.

Table 3: Mission and Vision Statement

Our Company	Mean	Std. dev
has clear vision and mission statements	4.06	0.88
A vision and mission statement is a guide for all employees	4.00	0.83
The mission statement supports the vision	3.92	0.86
has a set of core values for adherence by every stakeholder	3.99	0.83
describes the desired future position of the company	3.91	0.83
mission and vision statements are printed on the companies documents and other assets	4.03	0.96
Average	**3.98**	**0.85**

Many (72.68 %) of the respondents indicated that their businesses had clear vision and task statements as supported by a mean of 4.06 and standard deviation of 0.88. The scores also demonstrated that many participants (76.96 per cent) did consent that the vision and team declaration is a guide to the orientation of the company for all staff and shareholders as supported by a mean of 4.00 and standard deviation of 0.83. The results still disclosed that most (72.46 %) participants approved that the vision is supported by the mission declaration and is designed to inform staff and clients of the intent and direction as supported by a mean of 3.92 and standard deviation of 0.86. Furthermore, most (66.06 %) participants agreed that their business has a set of key principles for all stakeholders to adhere to it as supported by a mean of 3.99 and standard deviation of 0.83. Additionally, majority of them (66.12%) concurred that the company's Vision Statement describes the desired future position of the company as supported by a mean of 3.91 and standard deviation of 0.83. The findings as well revealed that the bulk (72.76 %) of participants did agree that the task and vision statements of the company are published in company papers and other property as supported by a mean of 4.03 and standard deviation of 0.96.

Influence of Stakeholder Involvement on Performance

The fourth objective of the study was to establish how stakeholder involvement, influence performance of pharmaceutical firms in Kenya.

Table 4: Stakeholder Involvement

	Mean	St Dev.
Engaging stakeholders builds ownership within the company	4.00	0.95
Our company uses broad engagement strategies	3.98	0.87
External stakeholder opinions and insights are valuable	4.01	1.03
Stakeholders are given a chance to contribute their own ideas during the strategic planning process	3.96	0.93
Stakeholder involvement in strategic planning fosters strategic development of partnerships	4.04	0.93
Stakeholder involvement brings out fairness in the planning	4.02	0.85
Average	**4.00**	**0.93**

On the basis of the observations, a large number of study participants (77.87 %) consented that stakeholder involvement in the planning process increases ownership in the company as supported by a

mean of 4.00 and standard deviation of 0.95. The research results also did indicate that most (77.36 percent) participants agreed that their company uses comprehensive commitment strategies to increase participation and strategic planning commitment as supported by a mean of 3.98 and standard deviation of 0.87. The findings also demonstrated that most (71.86 %) participants made an agreement that external views and insight are valuable at the early stages of planning, providing insight into both the understanding of the operative environment and a vision for the future of the company as supported by a mean of 4.01 and standard deviation of 1.03. The results as showed that most of the interviewees (67.26 per cent) concurred that the parties to the strategy are given the opportunity to contribute their own ideas as supported by a mean of 3.96 and standard deviation of 0.93. In addition, most interviewees (74.48 percent) consented fostering the strategic development of partnerships through stakeholders ' participation in strategic planning as supported by a mean of 4.04 and standard deviation of 0.93. Moreover, a large percentage (80.47 percent) did agree that the participation of stakeholders creates fairness in the strategic plan planning and execution and encourages two-way dialog between stakeholders as supported by a mean of 4.02 and standard deviation of 0.85.

Performance

The respondents were asked to indicate their opinion on performance of their firm.

Table 5: Performance

	Mean	**Std dev**
The firms profitability has improved for the last three years to a great extent	3.96	0.85
The firms' market share has increased for the last three years.	4.01	0.81
There has been a reduction in labour turnover for the last three years	3.98	0.84
The company has diversified its activities	4.02	0.82
Product delivery has improved for the last three years	4.02	0.8
The company has opened more outlets for the last three years.	3.97	0.83
Average	**3.99**	**0.83**

The results indicated that a large percentage (74.86 percent) of survey participants did agree that profitability for their companies has greatly improved over the last three years as supported by a mean of 3.96 and standard deviation of 0.85. Furthermore, it was noticed that a large number of respondents (77.86 %) consented that over the past three years the company's market share had increased as supported by a mean of 4.01 and standard deviation of 0.81. Most (63.66 %) of the people surveyed also concurred that labor turnover had been reduced in the last three years as supported by a mean of 3.98 and standard deviation of 0.84. The observations also did show that most participants (82.86 %) agreed that their businesses had diversified as supported by a mean of 4.02 and standard deviation of 0.82. Furthermore, most respondents (78.77 %) also concurred that the delivery of products in their companies has improved over the last three years. The outcomes also showed that the majority (74.26 per cent) of the survey participants also did agree to have opened up more outlets for their companies over the last three years as supported by a mean of 3.97 and standard deviation of 0.83.The average 5-point responsiveness is 3.99, which means almost everyone consents to most statements, however the responses were divergent as set out by a deviation of 0.83.

Correlation Analysis

Table 6: Correlation Analysis

Variable		Performance	Environmental scanning	Strategy formulation	Vision and mission statement	Stakeholder Involvement
Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Environmental scanning	Pearson Correlation	0.812**	1.000			
	Sig. (2-tailed)	**0.01**				
Strategy formulation	Pearson Correlation	0.870**	0.944**	1.000		
	Sig. (2-tailed)	**0.003**	0.0500			
Vision and mission statement	Pearson Correlation	0.830**	0.846**	0.861	1.000	
	Sig. (2-tailed)	**0.001**	0.040	0.000		
Stakeholder Involvement	Pearson Correlation	0.841**	0.562	0.258	0.144	1.000
	Sig. (2-tailed)	**0.000**	0.125	0.004	0.004	

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

The outcome indicated that environmental scanning and Performance have a significant and positive relation (r=0.812, p=0.01). These findings have been agreed upon by Omran & Khorshid (2014) and it has become apparent from the environmental testing process that contributes to reducing uncertainty and to improving the performance of potential decision-making. This conclusion was consistent with the Baker(2011) finding that a definite aim, winning approach for achieving the goal and sound declaration of purpose were in place to direct the organization to achievement. This finding was agreed to. The results also revealed that Vision and mission statement and Performance are have a significant and positive relation (r=0.830, p=0.001). Bryson et al., 2015 also discovered a positive impact on company results from vision and task statements. Moreover, the participation and quality of stakeholders was shown to be positive and to be performance linked considerably (r=0.841, p=0.000).

Regression Analysis

The results in presented the fitness of model of regression model used in explaining the study phenomena.

Table 7: Model Fitness

Indicator	Coefficient
R	0.928
R Square	0.863
Adjusted R Square	0.854
Std. Error of the Estimate	0.08986

Environmental scanning, Strategy formulation, Vision and mission statement and Stakeholder Involvement were found to be satisfactory variables in explaining firm performance in pharmaceutical firms. This was supported by coefficient of determination also known as the R square of 86.3%. This meant that Environmental scanning, Strategy formulation, Vision and mission statement and Stakeholder Involvement explain 86.3% of the variations in the dependent variable which was performance. The results further meant that the model applied to link the relationship of the variables was satisfactory.

Table 8: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	93.738	4	23.4345	62.979	**0.041**
Residual	107.923	290	0.3721		
Total	201.661	294			

There were statistically significant results from the general model. The outcomes also indicated that the independent parameters are good performance predictors. This was backed by an F figure of 62.979 and the p figure (0.041) reported, which is below the conventional 0.05 level of likelihood.

Table 9: Regression of Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.122	0.0106		2.705	.000
Environmental scanning	0.372	0.093	.375	4.001	0.001
Strategy formulation	0.446	0.087	.512	5.126	0.040
Vision and mission statement	0.393	0.055	.398	7.145	0.000
Stakeholder Involvement	0.416	0.042	.432	9.904	0.003

Regression of coefficients results revealed that Environmental scanning and performance are positively and significantly related (β=0.372, p=0.001). This implies that an increase in Environmental scanning leads to an improvement in performance by 0.372 units. This finding is in line with that of Agbim, Oriarewo & Zever (2014) whose research examined the literature in order to create a framework containing the degree of interest that is positively related to entrepreneurial performance; the number of scanning related positive to business performance; the relationship between interest level and business performance as influenced by the traits of individual entrepreneurs and found a positive

relationship. The results also showed that Strategy formulation and performance are positively and significantly related (β=0.446, p=0.040). This shows that an increase in Strategy formulation leads to an improvement in performance by 0.446 units. Baker et al, (2011) also found that a clear goal, a winning strategy to achieve the goal and a strong mission statement to guide the organization towards success were all present in most companies practicing strategic formulation. The results also showed that Vision and mission statement and performance are positively and significant related (β=0.393, p=0.000) implying that Vision and mission statement leads to an improvement in performance by 0.393 units. This finding supports that of Eke, Eneah and Inyango (2015) who found the importance of a successful mission statement in determining company wellness because a mission statement is the core thing in entity planning, which provides a framework for developing goals and strategies suitable for the ultimate purpose of the entity and legitimizes its existence. The results also showed that Stakeholder Involvement and performance are positively and significant related (β=0.416, p=0.042). This implies that that an increase in Stakeholder Involvement leads to an improvement in performance by 0.416 units. This finding agrees with that of Salum (2018) that topmost administration provision, executive incomes, executive values and role of interested party have a significant influence on implementation of strategic plans. Thus, the optimal model for the study is;

Performance= 0.122 + 0.372 Environmental scanning + 0.446 Strategy formulation + 0.393 Vision and mission statement+ 0.416 Stakeholder Involvement.

Conclusions

Based on the findings above the study concluded that environmental scanning, strategy formulation, vision and mission statement and stakeholder involvement positive and significant effect on the performance of pharmaceutical firms in Kenya. The study also concluded that conducting environmental scanning to identify the available threats and opportunities leads to firm's profitability and competitiveness. The study also concluded that Environmental scanning to provide insights for the events and trends in the industry results into improved services and efficiency in service delivery. The study also concluded that environmental scanning is vital in enhancing organizational performance as it identifies emerging issues and potential pitfalls that may affect firm's competitive advantage.

Furthermore, the study concluded that involving stakeholders in decision making leads to increased firm profitability and reduced employee turnover. The study also concluded that guiding employees on what is expected from them in order to achieve organizational goals has a positive effect on firm's performance. In addition, it was concluded that communicating firm objectives across all the organizational departments helps in improving firm performance. Additionally, the study concluded that stakeholder opinions and insights are valuable in the early stages of planning where they add insight to understanding the operating environment as well as to a vision of the company's future. Giving them a chance to contribute their own ideas during the strategic planning process leads to improved firm effectiveness.

Recommendations

The study recommends that organization managers should undertake environmental analysis on a routine basis to detect threats or even opportunities. In addition, with reference to results of the research paper, it is important that elaborate ways of involving all parties concerned be enacted in order to foster future programs that are properly defined to deem the company successful. In terms of presence in the projects of the company, all interested parties must also be informed of their duties and responsibilities. The study recommends that firms should lay down strategies in order to realize their goals. Additionally, these strategies should be communicated to all stakeholders in the organization for effective implementation of organizational plans. The study recommends that firms should have a clear mission and vision statements which are communicated to all stakeholders. The study recommends that firms should encourage stakeholder participation in decision making as well as implementation of strategic plans. The study also recommends that organizations should allow stakeholders to take part in organization governance in order to improve on performance.

Areas Of Further Research

Future areas of study should focus on other strategic planning practices since the four that were identified did not account for 100% of the variation in performance. It may also be important to conduct a study to test the application of the results in other sectors such as the banking sector, listed firms, public institutions and Non-Governmental Institutions. The study tested the linear effect of strategic planning practices on performance but failed to account for moderating and intervening factors. Future studies should attempt to see whether a nonlinear relationship exists between strategic planning practices and performance of firms.

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