

UNIVERSITY OF ZIMBABWE



THE CRITICAL SUCCESS FACTORS IN ZIMBABWE'S RETAIL PHARMACEUTICAL SECTOR.

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

2016

GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

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DEDICATION

This dissertation is dedicated to my lovely and ever supporting wife Beulah Mazambani.

DECLARATION

STUDENT DECLARATION - I Maxwell Kupa Govo, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

Signed Date

SUPERVISOR DECLARATION- I Dr D Maravanyika, confirm that the work in this dissertation was done by my candidate under my supervision as a University Supervisor. This dissertation has been submitted for review with my approval as University Supervisor.

Signed Date

ACKNOWLEDGMENTS

I do sincerely thank my supervisor Dr D. Marawanyika for his unwavering guidance. I extend my gratitude to all study respondents from QV, Greenwood and Plaza Pharmacies. I am also very grateful to my workmates for their support.

ABSTRACT

The study was aimed at establishing Critical Success Factors in the Zimbabwe's retail pharmaceutical sector. The major motivation to do the study was because most of the pharmaceutical companies in Zimbabwe were on the brink of collapse because they were either heavily making losses or barely breaking even. The aim of the research was to explore the factors that determine the success of retail pharmacies in an endeavour to remain viable. The study was centred on a multiple case study design of QV, Greenwood and Plaza Pharmacies. Qualitative research approach was considered to get in-depth discussions. The study made use of unstructured interviews whereby the researcher engaged in formal interviews through the use of an interview guide. The study considered four respondents from each organisation under study who were mainly Chief Executive Officers, Finance Directors, Marketing Directors and Human Resources Directors. The study concludes that the retail pharmaceutical industry is volatile, with so many stakeholder having the power and interest in the operations of the industry. These include suppliers, government, patients and regulators among others. The retail pharmaceutical industry is faced with so many challenges which include a drop in demand due to reduced employment, undeveloped health care infrastructures, stiff competition, price pressure and stiff regulatory requirements. This means that operational viability in retail pharmaceutical industry has been compromised by these challenges. The retail pharmaceutical industry is hugely dependant on CSFs such as selling a variety of drugs, sound financial management, convenient location, excellent service, accessing cheap sources of finance, being competitive on costs and strategic linkages with stakeholders. These CSFs determine the competitiveness of each industry player. Thus, to be successful, firms should have the ability to sell a variety of drugs, having sound financial management systems, having conveniently located pharmacies, excellent service, being competitive on costs and strategic linkages with stakeholders. The study was mainly based on QV, Greenwood and Plaza pharmacies, hence, study findings may not be generalised to other retail pharmacies. These findings should be generalised with caution, as the focus of the study was mainly on the most established retail pharmaceutical companies.

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ABBREVIATIONS

CSF	Critical Success Factors
GDP	Gross Domestic Product
GNU	Government of National Unity
NHP	National Health Policy
MCAZ	Medicines Control Authority of Zimbabwe
PESTLE	Political, Economic, Social, Technological, Ecological
PCZ	Pharmacist Council of Zimbabwe
PSZ	Pharmaceutical Society of Zimbabwe
RBZ	Reserve Bank of Zimbabwe
SME	Small and Medium Enterprises
WHO	World Health Organisation

CHAPTER I

INTRODUCTION AND BACKGROUND

1.1 Introduction

This chapter presents the motivation to do a study on the Critical Success Factors (CSFs) in the Zimbabwe's retail pharmaceutical sector. The Zimbabwe's retail pharmaceutical sector is going through great changes due to external and internal pressures. Pharmaceutical companies in Zimbabwe are on the brink of collapse because they are either heavily making losses or barely breaking even. This is compounded by the fact that there is a drop in demand due to reduced employment and thus low disposable income, resulting in viability challenges. A research by Benzing, Chu, and Kara (2009) proposed that if retailers are to succeed, they should be aware of all the CSFs and problems, which can affect their businesses. Most of the available literature is on studies that were carried out in some parts of the world outside Zimbabwe and very little is specific to retail pharmaceutical sector. Therefore, there is a research gap, hence this research is aimed at filling this gap by examining the CSFs in the pharmaceutical retail sector within the Zimbabwean context. Precisely, the study explores how CSFs influence the performance of organisations in the pharmaceutical industry. The study will initially present the background to the study, problem statement, aim of the research, research objectives, research questions, research proposition, justification of research, research scope and dissertation disposition.

1.2 Background of the Study

The background of the study explores external and internal factors influencing CSFs in the pharmaceutical industry. Kotler and Armstrong (2004) proposed that organizations interact with two types of environments namely the micro as well as the macro-environment. They further argue that the macro environment focuses on the broader environment in which a business operates and can be analyzed using the PESTLE (Political, Economic, Social, Technological, Legal, and Ecology) tool. PESTLE analysis identifies key factors that are likely to have a significant effect on the industry and organisation. Azhdar (2009) and Porter (1985) agree that macro

factors interact with each other and are particularly significant as they may have greater implications for the industry.

1.2.1 Macro Environmental Analysis

The following are the macro environmental factors that greatly affect the operations of companies in the pharmaceutical industry.

1.2.1.1 Political / Legal Environment

Health Sector in Zimbabwe has been supported a lot by the political environment and policies such as the National Health Policy (NHP) were updated in 2009 and its main goal is to ensure equity and equality healthcare (Medicines Control Authority of Zimbabwe, 2012). However MCAZ (2012) noted that the pharmaceutical industry is highly regulated with different authorities responsible for monitoring effective, efficient and correct use of medicines. The various authorities include

- 1) Health Professions Authority (HPA) – licensing;
- 2) Medicines Control Authority of Zimbabwe (MCAZ) - statutory body for licensing;
- 3) City Councils – Licensing;
- 4) Pharmacist Council of Zimbabwe (PCZ).

These institutions have ensured proper running and management of retail pharmacies by licensing qualified personnel. However, there is a duplication of roles and all these authorities charge different amounts of licensing fees. The fees have been reported to be high and so they negatively affect viability of retail pharmacy business (Moyo, 2014).

1.2.1.2 Economic Environment

The economic environment is greatly influenced by the political environment and it includes factors such as exchange rates, interest rates, economic policies, inflation, capacity utilization and GDP of a country (Meers and Robertson 2007). After suffering a historic economic meltdown with record hyperinflation, signs of recovery started after dollarisation in 2009 with the reserve Bank of Zimbabwe (RBZ) (2011), reporting an inflation rate of negative 4,8% in January 2010. This slight increase in economic activity had a positive impact on the pharmaceutical sector as retail pharmacies that were on the verge of collapse stated improving their performances. New pharmacies were also opened and the, period 2011-2012 so the birth of 10 new

pharmacies (MCAZ, 2012). The current liquidity crunch has affected retail businesses. Due to cash constraints experienced in the country, pharmacies have resorted to price reductions and hence profitability also negatively affected (Moyo, 2014).

1.2.1.3 Social Factors

Johnson, Scholes and Whittington (2008) reported that social influences such as educational levels, wealth, literacy levels and age distribution plays a crucial role in reflecting the culture of the society in which an organization operates. All these factors influence trends in diseases, stocking of drugs, appreciation of roles of pharmacists by the general public and also costing of drugs. For example Non-Communicable Diseases (NCDs) like diabetes and hypertension are on the rise in Zimbabwe due to the adaption of lifestyles that promotes these NCDs and WHO (2009) attributed this to the high literacy rate in the country. This has seen increased expectations on retail pharmacies to play a stronger role in the management of the chronic conditions. Crush (2003) reported that there was an increase in the number of healthcare professionals amongst them pharmacists migrating to other countries in search of greener pastures. This has been experienced in Zimbabwe during the economic meltdown period. Although the situation has improved there is however a notable deficiency of pharmacists in the country.

1.2.1.4 Technological

Daon and Karuranga (2012) indicated that technology use help SMEs to become more productive and thus in turn lead to increased sales, improvements in marketing and procurement processes by enhancing the flow of information. The Retail pharmaceutical industry in Zimbabwe has not adopted e-commerce technology and is still using basic entry-level e-commerce technologies (Zanamwe, 2012). Importance of ICT systems in relation to the success of retail pharmacies in Harare therefore still needs critical analysis.

1.2.1.5 Ecological

A report by WHO (2005) pointed that the poor management of healthcare waste can cause serious disease to health care personnel, patients as well as the general public.

Retail pharmacies handle sharp instruments such as needles when conducting blood sugar checks and malaria tests. There is therefore need for proper disposal of the sharp instruments in accordance to WHO guidelines to protect the environment and the general public. Chimunda (2013) reported that the majority of pharmacies are carrying out these tests at a fee to increase their turnover thereby increasing profitability of their businesses.

1.2.2 Industry Analysis- Porter's Five Forces Model

Porter's five forces model assumes that there are five competitive forces that any company in any particular industry should understand and master in order to have competitive edge (Kotler, 1997). Porter (1985) argues that the five forces determine industry profitability because they influence the prices, costs and required investment of firms in an industry. The forces in context of pharmaceutical industry in Zimbabwe are summarized as follows:

1.2.2.1 Threat of substitute products

According to Porter (1985), customers can easily switch to other competitor products/ alternatives if they are not satisfied with a certain product or service being offered. In Zimbabwe the availability of herbal/traditional medicines provides a threat to pharmacy business. However this threat is not quantified since these traditional medicines products are not yet being regularized by MCAZ.

1.2.2.2 Threat of new entrants

Entrance of new competitors into an industry increases competition (Porter, 1979). Pharmaceutical sector has high entry barriers because regulatory statutes stipulate that a pharmacist should be a major shareholder- that is he/she should have at least 51% shareholding (Medicines and Allied Substances Control Regulations, 1991). This discourages new entrants into the sector, because investors cannot just open a retail pharmacy without first partnering with a pharmacist and then give the pharmacist 51% shareholding.

1.2.2.3 Industry rivalry

An industry rivalry is the nature and extent of competition within an industry (Porter, 1979). The retail pharmaceutical sector in Harare has many players (233 pharmacies) and according to MCAZ (2014) more are still coming in. As a result there is intense rivalry in the industry. Moyo (2014) reported that there is no one identified as the market leader within the industry.

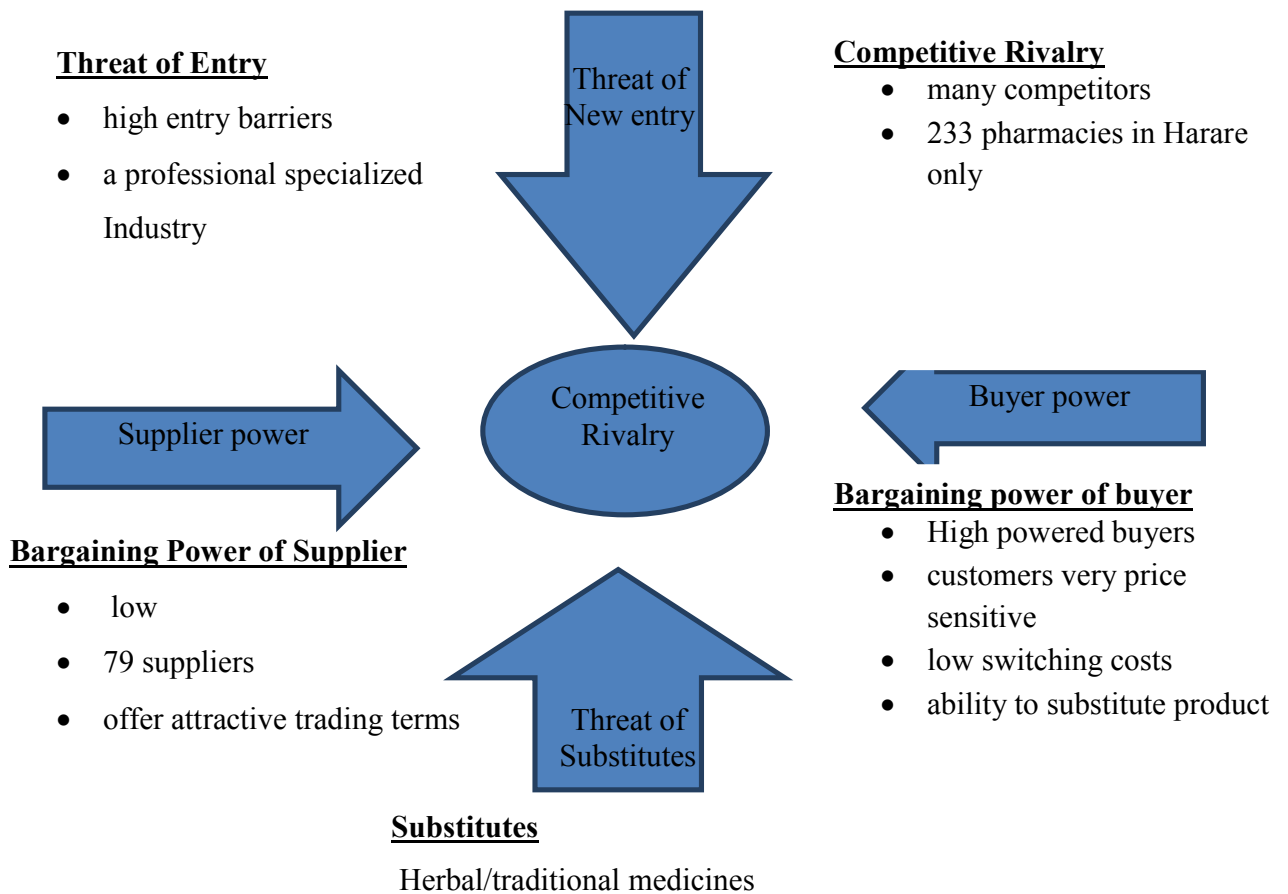
1.2.2.4 Bargaining power of suppliers

In the pharmaceutical industry the bargaining power of suppliers is low (Marin, 2008). Zimbabwe has 79 private wholesalers registered and these are competing to serve the available 233 pharmacies in Harare (MCAZ, 2014). This alone shows that the bargaining power of the suppliers is very low and they usually end up offering attractive trading terms like discounts and numerous promotions in bids to outclass one another.

1.2.2.5 Bargaining power of buyers

Porter (1979) suggested that higher bargaining power of buyers can force prices down and can also result in customer demanding higher quality products at very low prices. Bargaining power of buyers in the retail pharmaceutical sector is high because there are many players (pharmacies), which offer the same services. Customers can therefore compare prices easily since services being offered are undifferentiated. It is easy for the buyers to switch from one player to the other and this also affects the business if the buyer moves from one pharmacy to another competitor.

Figure 1.1: Porters Five Forces for the Pharmaceutical industry in Zimbabwe



Adapted from Johnson et al 2008 p. 60.

1.2.3 Pharmaceutical retailing in Zimbabwe.

A report from the Pharmaceutical Manufacturers' Association (PMAZ) (2014) revealed that most of the pharmaceutical companies in Zimbabwe are on the brink of collapse because they are either heavily making losses or barely breaking even. The report also revealed that three of the twelve manufactures have already halted operations while the remaining nine are operating below capacity. Moyo (2014) pointed out that all these activities leave the new graduating students with limited prospect of finding employment. This has forced a large number of these new pharmacists to opt for self-employment hence the sprouting of new retail pharmacies. MCAZ (2014) reported that Zimbabwe has recorded a 35% increase in the number of new pharmacies from 2010-2014. However despite the fact that new pharmacies are

being opened, the reality is that most are struggling to make ends meet. For example QV Pharmacies was placed under judicial management and this application was made by pharmaceutical wholesalers to force the company to honour its obligations (Mudenda, 2014).

The president of the Pharmaceutical Society of Zimbabwe (PSZ) Moyo, (2014) pointed out in his report that if this trend is to continue whereby retailers fail to operate on profit most pharmacies will eventually close down. Retail pharmacies are critical in the delivery of healthcare to the nation so to avoid its collapse a clear understanding of CSFs, the challenges being faced and also measures to counter these challenges should take center stage. Studies by Azhdar (2009) and Crush (2003) were outside the context of African ailing economies like Zimbabwe, hence, the present is unique and intriguing. This research therefore seeks to explore which CSF can be used by pharmacies in order to increase profitability and sustainability.

1.3 Problem Statement

PMAZ end of 2014 report revealed that most of the pharmaceutical companies in Zimbabwe are on the brink of collapse because they are either heavily making losses or barely breaking even. This is compounded by the fact that there is a drop in demand due to reduced employment and thus low disposable income, resulting in viability constraints. If this trend is to continue whereby retailers fail to operate on profit most pharmacies will eventually close down.

By far the greatest problem confronting the industry is that imported drugs are exempted from duty and VAT through Statutory Instrument (SI) 220 of 2000 (Chapter. 23:02) .This shows that the playing field is not constant. The current tariff structure promotes deindustrialisation and dumping of foreign products on the Zimbabwean market. The country's pharmaceutical industry is suffering from under-capitalization, antiquated technology and competition from regional players. If the present trend is to continue, the consequences are that most retail pharmacies may eventually collapse. The research problem is therefore to evaluate the CSFs in Harare retail pharmacies with the view of making recommendations to improve the situation.

1.4 Aims of the Research

The aim of the research is to explore the factors that determine the success of retail pharmacies in Harare in an endeavor to remain viable.

1.4.1 Research Objectives

Research objectives lead to greater specificity to the study and give an overall description of the research context (Fisher, 2010). According to Fisher (2010) Research objectives try to answer what the researcher trying to do and achieve. Consequently, the study will explore critical success factors that can improve viability in the pharmaceutical industry in Harare. In order to do that, stating research objectives to guide the study are thus timely. The sub-objectives of this study are:

- To establish the roles of different stakeholders in meeting CSFs of the pharmaceutical industry.
- To explore competitive challenges faced by retail pharmaceutical industry.
- To ascertain CSFs to be considered for the growth of retail pharmaceutical industry.

1.5 Main research question

Swanborn (2010) contend that research questions seek to provide clarity to the overarching goal of this dissertation and address the central question and in this study —What are the factors that determine the success of retail pharmacies?

1.5.1 Specific research questions

- What are the roles do different stakeholders play in meeting CSFs of the pharmaceutical industry?
- What are the competitive challenges faced by retail pharmaceutical industry?
- Which are the CSFs to be considered for the growth of retail pharmaceutical industry?

1.6 Research Proposition

The failure rate of retail pharmacies in Harare is high because operators are not aware of all the key success factors of pharmaceutical retailing.

1.7 Justification of research

Numerous stakeholders are expected to benefit from the successful completion of this research. The research is expected to generate some new information with regard to CSFs in Retail Pharmaceutical sector. This information will be useful to prospective pharmacy operators or owners because they will be equipped with all the relevant CSF for the success of their intended operations. They will also be in a better position to overcome all the threats that may hinder business growth.

Those already in the retail pharmacy sector (including the researcher who is also a pharmacist operating his own retail pharmacy) are also expected to benefit from an understanding of the CSFs that they have addressed and those areas they need to attend so as to enjoy greater success.

The research will also inform the regulatory bodies which include HPA, MCAZ, City Councils and PCZ of the challenges being faced by players in the retail pharmaceutical industry. This may help in policy formulations that will address some of the issues that would have been highlighted.

The country of Zimbabwe through the Ministry of Small to Medium Enterprises may benefit from the findings of the study. This considered that all retail pharmacies in Zimbabwe can be classified as Small to Medium Enterprises (SMEs) (Musindire, 2012). The information generated will therefore help better understand the operations of SMEs in this sector and hence increase their success rates. This will ultimately translate to economic growth considering the crucial role SMEs play in economic growth.

1.8 Research scope

This research covers CSFs for retail pharmacies in Harare, the capital city of Zimbabwe. The study will consider year 2009 to 2015, period seen as stable enough to avoid other extraneous variables like hyperinflation (2000 – 2008) affecting the study outcome.

In line with the research objectives, the study will explore literature on roles of different stakeholders in meeting CSFs, competitive challenges faced by retail pharmaceutical industry and CSFs to be considered for the growth of retail pharmaceutical industry.

1.9 Dissertation disposition

This dissertation is structured as follows: -

Chapter 1: Is composed of Introduction, background to the problem, research objectives and questions as well as justification of the research. It then finally looked at the scope of the research.

Chapter 2: Reviews Literature on CSFs of retail pharmaceutical sector chapter concludes with a conceptual framework.

Chapter 3: Discusses the methodology of the study.

Chapter 4: Provides the presentation of the results, analysis as well as discussion of the findings of this study.

Chapter 5: Rounds off and gives conclusion, to the research as well as some recommendations.

1.10 Chapter conclusion

This chapter started with an introduction to the research followed by a general background to the study and also the specific background to retail pharmaceutical sector. The next section of the chapter covered research objectives, research questions and proposition. Justification of carrying out the study was then provided followed by a scope of the research. The chapter then concluded with how the dissertation is structured. The next chapter reviews literature on CSF of retail pharmaceutical sector.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on the study on Critical Success Factors (CSFs) in the Zimbabwe's retail pharmaceutical sector. Literature review is an evaluative report of information found in the literature related to the researcher's area of study (Babbie, 2009). Literature review is aimed at describing, summarising, evaluating and clarifying literature (Belson, 2008). The major thrust of this chapter is to assess theoretical base for the research and help the author to determine the nature of literature gaps (Fowler, 2012).

Through reviewing literature, the study sought to understand an up-to-date understanding of the subject and its significance to practise. The researcher also sought to draw comparisons with study findings. In line with the research objectives, the study explored literature on stakeholders as supporting CSFs of the pharmaceutical industry, competitive challenges faced by retail pharmaceutical industry and CSFs to be considered for the growth of retail pharmaceutical industry.

2.2 Critical Success Factors (CSFs) in Retail Pharmaceutical Industry

CSF is an element that is critical for an organisation to be successful in an industry (Schnepper 2007). Goswami and Sarangdevot (2011) posits that CSF is a small number of identifiable goals shaped by the industry, the manager and the environment that ensures the success of an organisation. Rautiainen (2001) also defines CSF as "those primary process performance measures that most closely define and track how the process must perform to be considered successful". Schnepper (2007) also suggests that CSFs are those factors that determine the success or the failure of an organisation.

Critical success factors can therefore be considered as a group of activities or elements which ensures that an organisation achieve its stated objectives, thereby

ensuring the successful performance of both current and future operations (Simpson, Padmore and Newman, 2011). From these definitions, it has been established that CSF is an activity or element that is critical for the organisation to be competitive in industry. These factors can therefore be considered necessary for every retail pharmacy.

With reference to the retailing pharmaceutical industry, National Retail Federation (2000) defines retailing as all business activities that involve the sale of goods and services to consumers for personal, family or household use. Rakesh and Kumar (2012) defines retail pharmacy as a unique hybrid of professionalism and business whose mandate is to dispense pharmaceutical products, answer questions about prescriptions and over the counter drugs and provide advice to the general public about health care issues. Retail pharmacy can therefore be considered as a retail health care business whereby revenue is earned from the sale of products and services and so there should be a relatively high turnover of stock for the business to thrive. This shows that retail pharmacy business is similar to some extent to other retail businesses.

Many studies have been carried out to establish what could be the factors that can lead to the success and growth of retail pharmacies. A study by Gupta and Tandon (2013) suggests that the ability to attract a maximum number of customers is of paramount importance in any retail business. They concluded that retailers who are successful in attracting customers better will rarely show any signs of collapse even in turbulent economic environments as well as strong competitive environments. A study by Stefanovic, Prokic and Rankovic, (2010) points out that most of the studies focused on set variables which include the psychological and personality traits of retailers, the managerial skills and the level of training and the external environment.

External environment factors have also been highlighted by Chittithaworn, Islam, Keawchana and Yusuf (2010). They pointed out that these factors play a pivotal role for any organisation's success and the factors mentioned include government support, and social networks. Mehta (2011) also came up with a list of external environment

factors which include access to finance, sales tax rates, credit market conditions, infrastructure and competition.

Gray, Saunders and Goregaoker (2012) in their study argue that for firms to be successful they should proactively monitor their cash flows, be able to adapt to changing market conditions, and are willing to seek external advice. Pansiri and Temtime (2008) also came up with their list of critical success factors and they identified the following factors: customer satisfaction, managerial background, marketing action, investment analysis, working capital management and human resources development. From the different literature and studies reviewed the major critical success factors for retail sector can be summarised or grouped into internal and external factors as detailed below:

2.2.1 Internal Critical Success Factors

a) Store Factors

Gupta and Tandon (2013) concludes that successful pharmacies are located in the right location. They suggests that these pharmacies should be conveniently located in places where the traffic is quite moderate, where there is enough space on the pavement for pedestrians and also no problems for parking their vehicles for those who drive. Tripathi (2009) also found out that majority of customers prefer to buy medicines from the same pharmacy and they tend to re-patronise pharmacies that are situated at 0 to 3 km from their residence or workplace. This shows locational convenience plays a crucial role in determining preference for and re-patronage of a pharmacy.

Baker, Parasuraman and Glen (2002) in their study found out that store atmospherics such as design, ambience, music played, scent and lighting have a very significant impact on the overall shopping experience of a customer. They further suggests that the emotional responses that are included by the store experience can have a direct impact on the amount of time and money spent in the store. So the extent to which stores offer a more pleasant shopping experience promotes a good mood, resulting in greater spending. Store appearances are therefore an important strategic tool which should be managed properly for competitive advantage.

b) Quality of Products / Merchandise

Benzingetal (2009) rates quality products at a good price as the second most important CSF of retailing success. Stefanovic et al (2010) are also of the idea that a good product is among the top quality products/ medicines that are able to meet its customers' expectations. Aquel (2011) also notes that customers require good quality products and failure to deliver such products results in loss of customers and hence ultimately business failure.

c) Quality of Customer Service

Shah (2009) points out that successful retailers are those that provide excellent customer services to their consumers. In his study, Shah proposes that retailers who provide great customer service distinguish themselves from their competitors and therefore add value to their offering.

Dhruv, Berry and Seiders (2002) argue that one of the main drivers of good customer service is the convenience that a particular retail store provides. They suggests that retailers should strive to ensure that their store service personnel are well trained to provide five sources of convenience discussed below:

- a) Decision convenience. Store personnel should be able to give customers appropriate information so that they make informed buying decisions.
- b) Access convenience. Store personnel should know where products are so that they can assist customers to locate any particular product.
- c) Transaction convenience. Store personnel should be trained to facilitate transactions such as payments or returns.
- d) Benefit convenience. Store personnel should be able to explain the benefits of the products and services.
- e) Post benefit convenience. Stores personnel should be well trained on how to rectify post purchase problems.

Benzing etal (2009) concurr that a good customer service is a very important CSF that determines business success. They went on to add that friendliness towards customers as well as a reputation for honesty are also other key factors.

d) The psychological and personality traits of the Manager / Retail Pharmacist

Govindasamy (2010) citing Hills and La forge (1992) notes a number of personality traits that determine success of an organisation. Some of the traits mentioned include level of innovation, attitude towards risk, ability to identify customer needs and the ability to identify new opportunities. The presence of these traits in small business owners and their managers increase the chances of success and so positive personal traits are deemed a critical factor in determining success.

Hodgkinson, (2001) also suggests that the ability to engage in strategic planning is related to success of the organisation. Jaaferetal (2004) cited in Phaladi and Thwala (2008) states that entrepreneurial traits in the forms of creativity and need for achievements are critical for success of retailers. Nandram (2002) cited in Simpson etal (2011) also argue that to be successful managers need to have a collection of attributes and skills and these include being goal oriented, decisive, pragmatic, resolute, flexible, and self-confident. Hodgetts and Kuratko (1992) also came up with their own list of traits which include technical and mental ability, human relations skills, high achievement drive and creativity.

Other psychological attributes such as drive for independence, innovative orientation and a competitive nature have also been found to relate to success (Frese, Brantjes and Hoorn, 2002). They went on to suggest that these attributes are especially important when an entrepreneur /manager are working in a difficult and turbulent business environment.

Other researchers Rauch and Frese, 1998; Dess, Lumpkin, and Covin 1997; Covin and Covin 1990 also agree that psychological traits contribute to business success but argue they are moderately important as they can be moderated by experience and training, specific management and the business environment.

e) Managerial skills and training of the manager

Olawale and Garwe (2010) define managerial skills as the ability to: develop and employ good business plans, manage workforce and resources effectively and to balance organisation's obligations with business demand. After studying SMEs in Malaysia, Sin (2010) came up with a list of managerial skills which he considered most critical for success. These include careful planning and budgeting, human relations skills, marketing skills, and clear goals and objective setting. Inkoun (2003)

conducted a study in Ghana and found out that SMEs performance is closely linked to the manager's managerial skills. He concluded that organisations managed by those who have the necessary skills and related qualifications tend to survive by 30% more than those with non-qualified managers.

Govindasamy (2010) notes that managers can be trained to improve their skills with respect to areas such as human resources, finance marketing, planning and operational management. Pansiri and Temtime (2008) concurs that if businesses are to succeed managers and business owners should develop basic managerial skills and knowledge which covers important areas such as planning, organising and directing. Swierczek (2003) concluded that the success of any business is highly dependent on managerial skills and the primary causes of failure of most SMEs are as a result of poor management.

f) Adaptation of Technology

Daon and Karuranga (2012), Donner and Escobari (2010) indicates that technology adaptation helps retailers to increase sales, improve marketing and procurement process and hence increase the success of businesses. Goundry-Smith (2014) concurs that the use of ICT in retail pharmacies allows easy access to information and this is beneficial. Zanamwe et al (2012) pointed out that robust IT structures permits easy management of inventory, debtors and creditors, accounts. Graham (2013) also agree that the adoption of robust IT structures allows proper inventory management and this relies on accurate data of sales and inventory and if managed well issues of stock outs of essential medicines can be ironed out.

CIBC World Markets (2004:3) conducted a study in Canadian SMEs and concluded that “increased connectivity and the adoption of e-commerce enabling technologies work to improve and strengthen customer relationships, enhance information availability and exchange, improve an organisation's image and in some cases level the playing field with large corporations”

2.2.2 The External Environment

a) Government support

Sadler-Smith, Hampson, Chaston and Badger (2003) conducted a research in Bangladesh and concluded that organisations which receive government support experience a significant increase in sales and productivity. Yusuf (2003) also concur that satisfactory government support is a critical success factor for organisations but he argue that government support is more critical for indigenous firms as compared to those for foreigners.

Other researchers' like Aqeel et al (2011) argue that impact of government support on SMEs success is limited. They suggested that internal factors such as top management commitment, production function and the marketing mix are more important factors. Chong (2012) is also another researcher who is of the opinion that government support is a less important factor in determining the success of an organisation.

b) Access to finance

A research by Kunene (2008) points out that access to finance is one of the major critical success factors which determine the success of organisations. Phaladi and Thwala (2008) also weighed in and ranked the availability of capital among the top CSFs of SMEs.

c) Other external environment factors

According to Mehta (2011), the external environmental factors which determine the success of businesses include sales tax rates, credit market conditions, infrastructure, economic environment, competition and government regulations. Olwane et al (2010) also came up with a list of external environment factors and these include regulatory factors, social factors, micro and macro environment. Benzing et al (2009) also acknowledged social factors as being important and went on to include family and friends' support as key factors determining success under the external environment.

Having discussed the above CSFs the researcher observed that numerous studies have tried to group CSF of SMEs into broad categories for easy analysis. For example Simpson et al (2011) and Mehta (2011) came up with three categories namely

individual characteristics of the manager, firm characteristics and the External environment. Benzing et al (2009) also came up with three categories that is the psychological and personal skills, managed skills and training and the external environment.

Researches by Rogoff et al (2004) and Aqeel et al (2011) categorise CSF into two groups that is the internal factors and the external factors. External factor Rogoff et al (2004) define the external factors as these factors beyond the control of the business owner or manager. These factors can be equated to the external environment as suggested by Benzing et al (2009). Aqeel et al (2011) suggests that internal factors include factors such as size and age of the business, managerial skills and experience and the ability to attract external capital investment.

From the different authors mentioned above the broad categories of the CSF can be summarized as follows; -

Table 2.1 Critical Success Factors

Psychological and personal traits of the manager	Managerial skills and training of the manager
<ul style="list-style-type: none"> • Level of innovation • Attitude towards risk 	<ul style="list-style-type: none"> • Experience • Level of education • Managerial skills • Human relation skills
The external environment	Organisational factors
<ul style="list-style-type: none"> • Government support • Access to capital] • Political factors • Regulations • Competition 	<ul style="list-style-type: none"> • Customer service • Technology • Product type • Store location • Store appearance

2.3 Stakeholders and Critical Success Factors

Pharmaceutical companies face complex issues that grow more challenging by the day (Simpson et al 2011). Mehta (2011) and Benzing et al (2009) all agree that health care reforms and changes in technology, government policy and consumer expectations are revolutionising relationships with key stakeholders and impacting operations in unforeseen ways. Pharmaceutical companies need leaders who can foster partnerships and collaborations with different stakeholders. Industry players are looking for leadership that can leverage relationships across industry, government, health care professionals and patients (Mehta, 2011).

“In health care, invention is hard, but dissemination is even harder.” This quotation captures the difficulty of delivering public health products (Benzing et al 2009). Once drugs reach their target country, they are delivered by public, non-profit, and private sectors with increasingly common partnerships between the public and private sectors (Govindasamy, 2010). Daon and Karuranga (2012) posit that poor coordination among stakeholders often leads to overlapping roles and duplicated efforts. The lack of coordination causes confusion and stock outs at many treatment clinics and pharmacies, often forcing patients to switch to other regimens not for medical reasons, but because of supply-chain failures. In addition to interrupting treatment, drug stock outs increase the risk that the viruses and bacteria will become resistant to treatment (Donner and Escobari, 2010).

Goundry-Smith (2014) and Zanamwe et al (2012) argue that key needs for in-country delivery are casts for the quantities of treatment that will be required. Accurate forecasts depend on coordinated, transparent financing and procurement plans for drugs (Goundry-Smith, 2014). Financing organizations view forecasting as critical although they express interest in more accurate global demand forecasts yet they do not always provide information on future financing and planned procurement to help generate forecasts extending beyond their own grantees and focus countries (Zanamwe et al 2012). National AIDS control programs and procurement offices have weak incentives to contribute to the development of coordinated, accurate global forecasts. The benefits of such forecasts are not explicit for them and are perhaps regarded as mere externalities in their decision-making processes. In contrast, manufacturers and active pharmaceutical ingredient producers have strong incentives

to generate and obtain more accurate global demand forecasts. Such forecasts would allow them to plan marketing and production more efficiently. For supply-side facilitators, matching supply with demand is part of their essential mission, so they have a strong incentive to develop more accurate global demand forecasts (Goundry-Smith, 2014).

Most stakeholders have incentives to do part of what is needed to forecast demand of drugs. Few, however, have incentives to ensure that information from disparate sources is aggregated to make global forecasts more accurate. Financing organizations have an interest in good forecasts, but tend to focus on demand among their particular grantees. National AIDS control programs and procurement offices are keen to develop good country-level demand forecasts, but have limited capacity they cannot complete forecasts without information from other sources, especially large AIDS donors (Goundry-Smith, 2014).

2.4 Competitive Challenges Faced by Retail Pharmaceutical Industry Players

Aqeel et al (2011) postulate that undeveloped health care infrastructures, costs containment measures and value based product evaluations are among the challenges faced by the retail pharmaceutical industry players. Baker et al (2002) also mention that other challenges include the ability of the firms to stand above the rest. To add on, Aqeel et al (2011) suggests that some countries especially in Africa do not have well-developed healthcare infrastructures. This compromises the ability of these firms to be competitive and grow. Rautiainen (2011) and Schnepfer (2007) agree that the major competitive challenges facing the retail pharmaceutical industry are competition from multinationals, supply and distribution issues, local competition, price pressure, lack of affordability, lack of health care infrastructure, lack of reimbursement and public funding, regulatory requirements, length of product registration processes and compliance challenges.

On price pressure, this challenge is mainly influenced by domestic competition. However, this is mainly influenced by the government support (Chittihaworm et al 2010). Countries that subsidises on the prices of some drugs may aid in the competitiveness of industry players (Baker et al, 2002). Thus, competition

accompanied by price ceilings may be a barrier to the competitiveness of retail pharmaceutical industry players.

Compliance, legal and regulatory challenges have posed threats to the growth of the sector (Stefanovic, et al 2010). The industry has been faced by increased regulatory requirements in the past century (Stefanovic, et al 2010). Some compliance and regulatory issues which include license fees have been on the increase. Yearly subscriptions and tax on drugs has been on the increase in many developing nations (Shah, 2009). With reference to India, legal and regulatory issues are reflected in the lack of intellectual property (IP) protection. Length processes surrounding tendering and compliance issues have become a stumbling block in India (Shah, 2009).

Shah (2009) posits that major challenges experienced by retail pharmaceutical industry players emanate from industry mistakes. Shah (2009) presented the mistakes that include slow decision making, poor human resources management, lack of patience and long-term strategy

In faced of competitive challenges discussed in previous chapters, most pharmaceutical companies are faced with challenges ranging from marketing to regulatory. This has been further been negatively affected by unstable economic environment. Most companies that survive will do so by placing a renewed emphasis on innovation. The following are the major challenges are discussed in detail:

2.4.1 Business operating environment

A weak unstable economy has been reported by numerous researchers as a crucial obstacle that can prevent business from achieving their goals. Cetindamar (2005) conducted a research in Turkey and found out that entrepreneurs are experiencing difficulties due to uncertainty in the economic and political environment. Benzing, Chu and Kara (2009) also concur that entrepreneurs in Kenya and Ghana ranked a “weak economy” as the most serious problem which affects small businesses. A weak, unstable economy is of concern to entrepreneurs in any country because it leads to reduced costumers’ purchasing power and demand. According to European

Commission (2007b) all this will negatively affect all retail sales hence growth of enterprises.

2.4.2 Regulatory environment

A study carried out in nineteen different developed countries from the period 1992-2004 found out that stringent regulation such as price controls, generic prescribing, prescribing budgets and profits controls have a negative effect on revenues earned by health professionally including pharmacists (Sood, N., (2009). The study suggests that the removal or the reduction of the restrictions to operations leads to an increase in business performance and hence significantly enhance growth of the sector.

For example Zengeni (2014) reports that Zimbabwe's regulatory bureaucracy is a major deterrent to pharmaceutical investors who want to register new drugs. Zengeni reported that it takes 2 to 5 years to get approval from MCAZ for a drug to be registered and the fees charged for the registration are double those in the region. Musundire (2012) argued that these high fees charged are incorporated in the manufacturer's cost of drugs and retail pharmacists will bore the effects of selling expensive drugs.

2.4.3 Availability of medicines and Inventory management

A report from the Pharmaceuticals Manufacturer's Association of Zimbabwe (PMAZ) chairman (Moyo 2014) reveal that most if not all the drug manufacturing companies are on the brink of collapse because they are either incurring heavy losses or are barely breaking even. He went on to state that three of the 12 local pharmaceutical firms have already halted operations and these include Wallace laboratories, Lancaster Industries and Reckitt Benckiser. The remaining nine are operating below capacity due to numerous challenges they are facing. Capacity utilization of pharmaceutical drug manufacturers has fallen from 55 per cent in 2012 to below 35 per cent (MCAZ 2014). The local manufacturers have been reported to produce more than 65% of essential drug list of Zimbabwe (Musundire 2012). However, literature has shown that local manufacturers are facing capacity problems and high production costs, so how then is it managing to supply these essential drugs to retail pharmacies. It is therefore, pertinent to address some of the questions and

bring into perspective the true position of the availability of drugs in the retail pharmaceutical sector.

Stock outs of essential medicines in retail pharmacies have been shown to negatively affect patient satisfaction and business reputation (Herist, Rollins and Perri 2011). Pharmacy managers should therefore properly manage inventory in order to satisfy patient's needs. Gogineni (2013) suggest that the pharmacy purchasing and inventory management process sounds easy and straight forward yet it a complex process. He provides the core process that can be utilised as the optimal purchasing practise and these are shown in the table below.

Table 2.2 Core Processes to Optimal Purchasing Practise

Core process	Optimal Purchasing Practice
Right product	<ol style="list-style-type: none"> 1. Review customer and market needs 2. Offer quality and value 3. Customer satisfaction
Right quantity	<ol style="list-style-type: none"> 1. Anticipate volume 2. Past consumption 3. Cycle and safety stock
Right time	<ol style="list-style-type: none"> 1. Reorder point 2. Economic order quantity (ECQ)
Right price	<ol style="list-style-type: none"> 1. Take advantage of supplier discounts 2. Apply for cash discounts

2.5 Critical Success Factors and the Growth of Retail Pharmaceutical Industry

Retail pharmacies around the world have resorted to costs cutting measures so as to contain reduced profit margins. This has often led to significant layoffs of staff. Apart from layering off staff, Schnepfer (2007) argue that the retail pharmaceutical industry is just like the Fast Movable Consumer Goods which thrives of having the right product, in right quantities, at the right price, at the right place and using the right communications. As in the health markets, it is important that pharmacists have clear information and see the added value of the product over competitors. It is therefore

important to understand customer potential in both markets and invest resources in building long-term relationships where that potential is the highest (Goundry-Smith, 2014).

There is need for retail pharmaceutical companies to understand market requirements. This is usually done through Research and Development (R&D). It is important for industry players to identify the product portfolio with the highest potential for that channel (Goundry-Smith, 2014). The company's products should really add value. The company has to understand that in this industry customer needs are fast evolving. To support this development companies need to develop their marketing approach in tandem to FMCGs methods which may include product promotions and merchandising. The company has to market analysis so as to try and anticipate future customer needs.

In maximising profits, pharmacies need to segment and target market. It may be important for pharmacies to concentrate on highest potential pharmacies and must invest heavily to develop strong relationships with them. Marketing research activities can also assist in determining viable potential segments (Goundry-Smith, 2014).

To adapt effectively, retail pharmaceutical companies need leadership skills that enable the navigation of complex and changing landscape. Leaders must put much emphasis on innovation. Leaders should mainly focus on building collaborative relationships with stakeholders (Goundry-Smith, 2014).

2.6 Empirical Review of Competitive Challenges Faced by Retail Pharmaceutical Industry Players around the World

Shah, (2009) posits that in countries such as Russia, they have set price ceiling for essential drugs. This has compromised the competitiveness of retail pharmaceutical industry players. Price ceiling has compromised profit margins and growth potential. As in Russia, Vietnam has been implementing centralised annual tendering programme since 2013 and introduced a price cap in the same year (Shah 2009). The major aim for these programmes were meant to make drugs more affordable

(Rautiainen, 2011). Over the past two decades China has been implementing unified pricing measures so as to reduce the gap between local generics and off-patent international brand. Collaborations with countries such Britain and United States of America has however, intensified the growth of the retail pharmaceutical sector in China.

On a positive note, Stefanovic et al (2010) mentioned that Nigeria is in the process of implementing National Health Insurance Scheme which is aimed at universal health care for all citizens by 2020. To add on, Stefanovic et al (2010) posits that the government is also strengthening the National Agency for Food and Drug Administration and Control so as to reduce counterfeit medicine and increase consumer confidence in new drugs (Schnepper, 2007).

With reference to South Africa, the country is in the process of fully implementing National Health Insurance which will lead to the tendering of drugs with downward pressure on prices (Goswami and Sarandevot, 2011). Rautiainen (2011) mentioned that South Africa has introduced a new pricing scheme which looks at each therapeutic class as a whole and possibly take the lowest price instead of the average price. All these measures aimed at improved health care have compromised the profitability of retail pharmaceutical industry players.

2.7 Critique of Literature

From the analysis of the relevant literature, it appears as if the different categories of CSFs constructed by different researchers point out to the same factors. It can be concluded that the success of organisations, being the dependent variable is influenced by a number of independent variables which are either internal or external to the organisation (see Conceptual Framework Figure 2.1). There seem to be a general agreement that such factors can be in the form of organisational factors, psychological and personal traits of the manager, managerial skills and level of training of the manager as well as the external factors.

However despite the general agreement on the basic CSFs for organizations, researchers have ranked different factors differently in terms of their influence or

impact to success. For example Aqeel et al (2011) and Chittithaworn (2011) have described government support as not an important factor while others like Yusuf (1995) and Sadler-Smith et al (2003) have ranked it among the top CSFs.

The analysis of literature also revealed that researchers seem to generalise the CSF for organisations. Most of the available literature focused on SMEs within the manufacturing sector and little work has been done which is sector specific. No researcher was identified who focused solely on the retail pharmaceutical sector. Other researchers like Simpson et al (2011) Curran and Blackburn (2011) and Beaver (2002) acknowledged that business operating environments for organisations is very diverse, complex and dynamic to extent that even organisations within the same industry are affected differently because problems faced are not uniform. It is therefore misleading to generalize CSF without carrying out a sector by sector analysis of these CSFs.

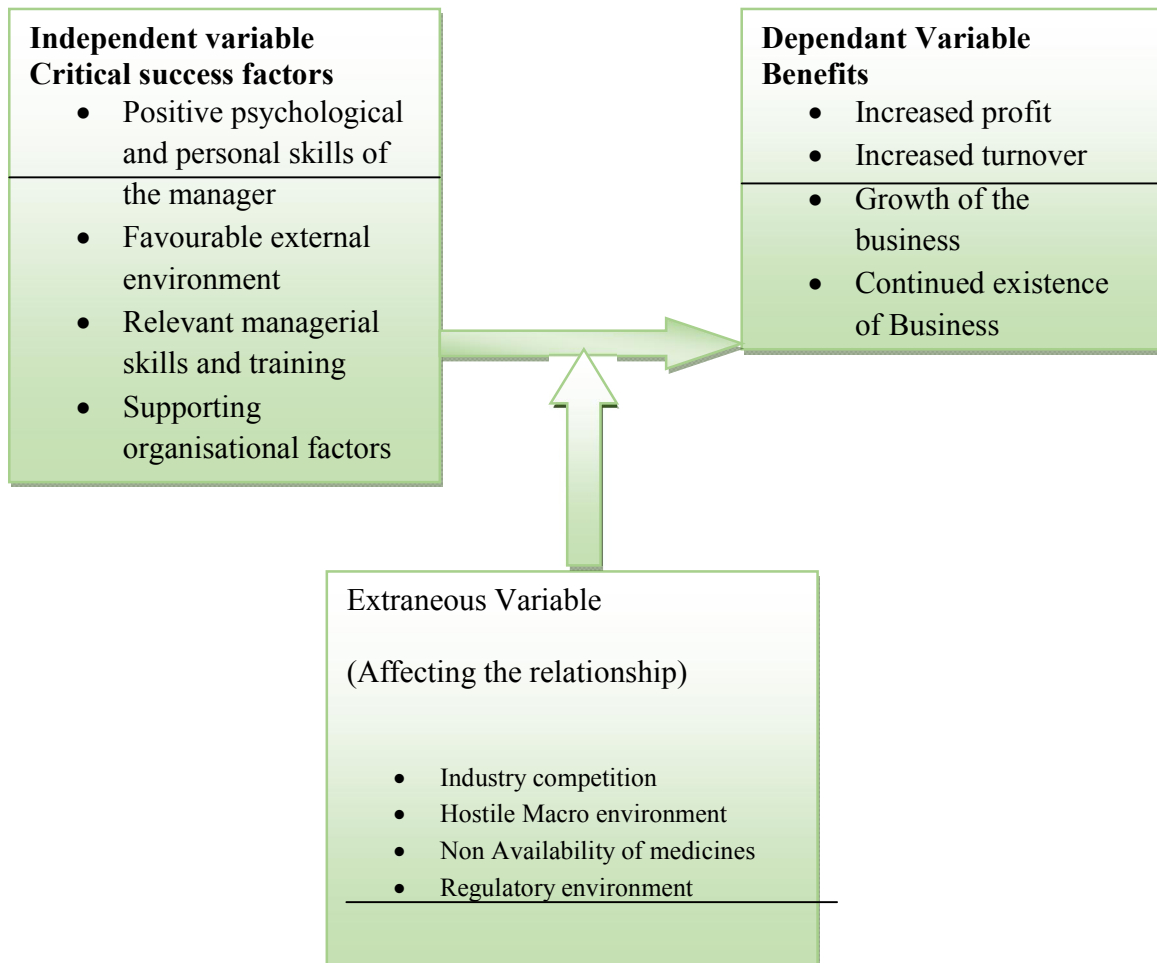
Most researches on CSF have been conducted in the newly industrialised countries like Singapore, Taiwan and Malaysia. Researches by Simpson et al (2011) and Beaver (2002) have shown that CSFs tend to vary from economy to economy and also from nation to nation. It is therefore clear that the available literature may not be relevant to the Zimbabwean scenario hence the need for a research which focuses on CSF relevant of the Zimbabwean retail pharmaceuticals sector today.

Existing literature has also revealed that there is no general agreement on what exactly business success is for an organisation and how it can be measured. Numerous and varying definitions have been proposed and these mainly focus on the financial and non-financial aspects. An organisation may be considered to be successful by one author while the next author might consider it unsuccessful.

It is clear that the available literature has numerous gaps which need to be addressed. As per the objectives set out in chapter one, the research is aimed at addressing retail pharmaceutical sector's critical success factors from a Zimbabwean perspective and the available literature is not enough to answer this objective. The research will therefore determine the key CSF that are relevant for retail pharmacies in Zimbabwe as well as the challenges being faced by the sector.

2.8 Conceptual Framework

Conceptual framework has been defined by Sekaran (1999) as a logically developed model which shows the plan of the research and the route taken to investigate the area under study. The study will be conducted with the aid of the conceptual framework shown in figure 2.1 as well as the methodology discussed in the following chapter.



Adapted from Kumar (2008)

Figure 2.1 Conceptual Framework

Through the review of relevant literature, CSFs such as positive psychological and personal skills of the manager, favourable external environment, relevant managerial skills and training and supporting organisational factors affect retail pharmaceutical firm's ability to grow. However, there are challenges that may hinder in meeting

CSFs which are industry competition, macro environment, availability of medicines and regulatory environment.

2.9 Chapter Conclusion

This chapter presented literature review on the study on CSFs in the Zimbabwe's retail pharmaceutical sector. Through reviewing literature, the researcher understood an up-to-date understanding of the subject and its significance to practise. The researcher managed to draw comparisons with study findings. In line with the research objectives, the study explored literature on stakeholders as supporting CSFs of the pharmaceutical industry, competitive challenges faced by retail pharmaceutical industry and CSFs to be considered for the growth of retail pharmaceutical industry. A brief critique of available literature was conducted so as to justify the present study. It then rounded off by providing a conceptual framework. The next chapter will cover the methodology that will be employed for this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology. Research methodology refers to the systematic methods applied to a field of study (Gustavii, 2013). In support, Gilpin (2012) posits that research methodology is a process used to collect information and data for the purposes of addressing the research problem. Thus, this chapter outlines the research design, philosophy and the research strategy. The chapter also covers data collection methods, population, sampling procedures and the research limitation.

3.2 Research Design

Fowler (2012) and Galvin (2012) all agreed that research design refers to the overall strategy that is chosen to integrate the different components of the study in a coherent and logical way, thereby ensuring that the research problem is addressed. Rubin and Piele (2009) assert that research design relates to the blueprint for the collection, measurement and analysis of data. Gustavii (2013) posits that a research design is a logic or master plan of a research. This means that every research design follows a certain plan or blueprint.

This study centers on a multiple case study design of QV, Greenwood and Plaza Pharmacies.

3.3 Research Philosophy

Wimmer and Dominick (2013) posit that research philosophy is a belief about the way in which data about a phenomenon is gathered, analyzed and used. Rubin and Piele (2009) suggest that a research philosophy is a set of assumptions, values and concepts that guide the research. To add on, Saunders, Lewis and Thornhill (2007:101) state that: “research philosophy relates to the development of knowledge and nature of that knowledge”. The authors state that research philosophies are either quantitative or qualitative in nature.

3.3.1 Quantitative Research

Nightingale (2012) equates quantitative research to positivism paradigm which involves hypothesis generation and testing (proving or refuting). In quantitative research, methods and principles of science are applied to study the behavior and events of human beings (Burns and Burns, 2008). According to Nightingale (2012) this approach is free from bias and is more objective through the use of large samples which enhance generalization to the population. However the approach is mechanistic in nature, it tends to ignore the human aspect which is difficult to control and also the use of large samples make it more expensive (Burns and Burns, 2008).

3.3.2 Qualitative Research

Saunders, Lewis and Thornhill (2007) defined qualitative research as the study of how humans make sense of the world around them. According to Kothari (2004) the approach is ideal in the behavioral sciences for discovering the motives behind human behavior. The research yields categorical (non-numeric) responses which is rich in data, contextualize understanding, unstructured and in a natural setting (Greener, 2008). However, quantitative research has its limitations which include the inability to manipulate independent variable, risk of improper interpretation and lack of power to randomize (Gable, 1994). Lack of objectivity in qualitative research has also resulted in the adoption of the positivist approach (Hernandez and Valdez, 2011).

The researcher chose qualitative approach because the in depth discussions give more information through probing (Khotari, 2004). Given that the researcher was involved, non-verbal communications (body language) is also observable giving an insight into the respondents' opinions. A high response rate is also anticipated in the presence of the researcher, the respondent feels obliged to answer questions.

3.4 Research strategy

Research strategies involve data collection techniques and analysis procedures which include: case studies, surveys, experiments and questionnaire (Saunders, Lewis and Thornhill, 2007). For reasons cited below this study employed the case study approach.

3.4.1 Case study

According to Robson (2002), case study is a strategy for doing research which involves an empirical investigation of real context using different sources of evidence. Yin (2009), also equates a case study to an empirical enquiry that investigates a contemporary phenomenon in depth and within its real life context when the boundaries between the phenomenon being researched and the context within which it is studied are not clearly evident. Yin (2009) went on to add that case studies seek to explain casual links, describe interventions and illustrate certain topics. Yin (2009) classified case studies into two namely single and multiple case studies.

According to Yin (2009) single case may be holistic or embedded in nature. In a holistic case study a single case is studied in its totality and in embedded single case study there is selection of a number of subunits within a single case (Yin 2009). In multiple case studies, more than one single case is applied and according to Saunders, Lewis and Thornhill (2009) this gives robustness, replication and comparative advantages.

According to Saunders, Lewis and Thornhill (2007) case studies offer the following advantages: they enable rich understanding of the concepts and this helps to provide solutions for complex issues and they also enable the research to develop analytical and problem solving skills.

The disadvantages of case studies (Yin, 2009) include: lack of rigor due to non following of systemic procedure and bias which can influence results and conclusions, too long and results can be massive, can generate huge unbearable documents, it is difficult to ascertain casual relationships. Gable (1994) summarized case studies disadvantages as lack of controllability, deductibility, repeatability and generalization.

The study adopted the multiple case study strategy. Multiple case study gives robustness, replication logic and comparative advantages (Yin, 2009). Three case studies of QV, Greenwood and Plaza Pharmacies were chosen as the true representatives of the industry. These three organizations are what Yin (2009) calls “exemplary” case studies. These three organizations have accrued reputation and experience in the retail pharmaceutical industry (Moyo, 2014). They also have a wide branch network coverage in Harare (they each have four branches in Harare).

3.5 Data collection

Sachdeva (2009) described data as a collection of natural phenomenon descriptors, including the results of experiments, or a set of premises, this may consist of numbers, words or images, particularly as measurements or observations of a set of variables. The two main types of data are primary and secondary data (Khotari, 2004, Lewis and Thornhill, 2007). According to Yin (2009) primary data is the data collected by the researcher for the first time using methods such as surveys, direct observation and interviews. Secondary data refers to data collected before by other researchers for some other purposes (Wilson, 2010). The main sources of secondary data include government publications, technical and trade journals, books, magazines, newspapers, reports and research by scholars (Khotari, 2004).

Primary data in this research was collected from interviews whilst secondary data was obtained from strategic plans and financial statements.

3.5.1 Interviews

Rubin and Piele (2009) posit that interview is a conversation between two or more people where questions are asked by the interviewer to elicit facts or statements from interviewee. Wimmer and Dominick (2013) also added that interviewing involves asking questions and getting answers from participants in the study. Galvin (2012) posits that interviews can be categorized into being, informal groups, focus groups, semi-structured, structured and unstructured interviews.

The study made use of unstructured interviews whereby the researcher engaged in formal interviews (one to one personal interviews with the respondents) through the use of an interview guide. Use of unstructured interviews enabled the researcher to

prepare questions in advance (*see Appendix B Interview Guide*). Use of unstructured interviews allowed informants the freedom to express their views in their own terms.

3.6 Population

Fowler (2012) and Galvin (2012) agreed that population in research is a collection of individuals or objects that is the main focus of scientific query. Gilpin, (2012) posits that it is a group of subjects of particular concern to a research. Hocking, Stacks and Mcdermott (2003) posits that population is an aggregate totality of all objects, subjects or members that conform to a set of specifications. This implies that population are all elements in which the researcher would want to derive a sample from.

In line with the companies considered in the multiple case study, the study considered all management and employees of QV, Greenwood and Plaza pharmacies.

3.7 Sampling

Since the population was too large for the researcher to test every individual in the population, the study considered sampling. Apart from that, it was too expensive and time consuming. Fowler (2012) posits that sampling is the process of selecting a portion of the population to represent the entire population. Gustavii (2013) suggest that sampling is the process of selecting a group of subjects for a study in such a way that the individual represent the larger group from which they were selected. In light of this, the study noted that sampling is a representative of the population.

3.7.1 Purposive Sampling

Katzer, et al (2012) posits that purposive sampling is based on the judgment of the researcher. In support, Galvin (2012) posits that the main goal for purposive sampling is to focus on particular characteristic of a population that are of interests, which will enable the researcher to answer the research question. In support Fowler (2012) mentioned that purposive sampling is were decisions concerning the individuals to be included in the sample are taken by the researcher based on criteria like knowledge of the research issue, capacity and willingness to participate in the research. This shows that purposive sampling thrust is in selecting participants that best answer the

research questions. The study considered four respondents from each organisation under study (QV, Greenwood and Plaza pharmacies). The study considered:

- Chief Executive Officer / Managing Director;
- Finance Director / Chief Accountant;
- Marketing Director / Business Development Director; and
- Human Resources Director.

These respondents were seen as best able to answer research questions as recommended by Saunders, Lewis and Thornhill, (2007). The mentioned representatives were involved in strategic planning, implementation and evaluation were activities such as situational analysis and industry analysis were done. In these activities, CSFs form part of strategic analysis. These respondents expressed interest in taking part in the study, as study findings will help them in strategy making. These respondents had rich insights on the topic at hand.

3.8 Data Analysis Techniques

There is no standard format of analysing data in qualitative research (Neuman, 2006). The obtained data was therefore analysed through the use of data displays. The researcher analysed the data by going through all the questions and establishing common themes, patterns and relationships (Miles and Huberman, 1994). All the information gathered was analysed against the theory cited in the literature review and the appropriate inferences were made.

3.9 Ethical Considerations

The researcher was guided by ethics principles. Participants were not coerced to be part of the study. Participants were free to participate as they would terminate interview sessions during interviews. The three companies approved that the study be conducted. Participants' names were protected. The researcher avoided gender bias and all respondents were given equal time during interviews. Interviews sessions were 30 – 45 minutes, and respondents were free to express their views and opinions.

3.10 Reliability and Validity

The researcher did pilot study with 2 middle management personnel from QV pharmacies. These respondents were outside the sampling frame. Pilot study enabled the researcher to adjust the interview guide so that the instruments measure what was intended.

3.11 Research limitations

The study is based on three cases (organisations) only and so the results should be applied in the industry with caution. Some of the information sought by the researcher was considered private and confidential by some managers hence failed or refused to clarify certain issues. Resources, time as well as cost limitations could not allow the researcher to conduct this research on the whole population. Sampling which is associated with sampling errors was hence conducted.

3.12 Chapter Summary

This chapter presented the research methodology. The chapter presented research philosophy, research design, population, sampling, research instruments, data collection and analysis procedures. The next chapter presents data interpretation and analysis.

CHAPTER 4

RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the research findings and analysis pertaining to the study on CSFs in the Zimbabwe's retail pharmaceutical sector. The chapter is guided by research objectives. The study findings are discussed with respect to the existing literature. The chapter is divided into two sections being a summary of responses from the interviews and summary of findings.

4.2 Key Respondents

The interviews were conducted with senior executive management personnel from QV, Greenwood and Plaza pharmacies. The study considered Chief Executive Officers/Managing Directors, Finance Directors/ Chief Accountants, Marketing Directors/ Business Development Directors and Human Resources Directors. As guided by the research objectives, the findings were divided into four sections being demographic data, role of different stakeholders in meeting CSFs of the pharmaceutical industry, competitive challenges faced by retail pharmaceutical industry and CSFs to be considered for the growth of retail pharmaceutical industry.

4.2.1 Respondents' Background Information

The Table 4.1 presents respondents' background information.

Table 4.1 Respondents Background Information

Respondent	Academic Background	Experience in the retail pharmacy industry	Years working for the current company	Age category
R1	Post Graduate	11	6	Above 50
R2	Post Graduate	11	11	41-50
R3	Post Graduate	14	8	41-50
R4	Graduate	13	5	31-40
R5	Graduate	9	7	31-40
R6	Post Graduate	6	12	Above 50
R7	Post Graduate	18	3	Above 50
R8	Post Graduate	14	2	Above 50
R9	Graduate	6	14	41-50
R10	Post Graduate	5	7	31-40
Average / Mode	Post Graduate	10.7	7.5	Above 50

The Table 4.1 shows that 8 of the 10 respondents interviewed had postgraduate qualifications, whilst, only 2 respondents had graduate qualifications. Average working experience in the retail pharmaceutical industry was 10.7 years whilst 7.5years was the average working experience of the current employer of respondents. All respondents were over thirty years, with majority of respondents above 50 years.

These results show that respondents were mature in terms of age with a sound academic background. This shows that respondents had wealth of experience and knowledge about the area under study as they were decision makers having a deeper insight of the CSFs in the Zimbabwe's retail pharmaceutical sector.

4.2.2. Section B: Roles played by different stake holders

This section was directed towards achieving research objective 1 which sought to establish the role of different stakeholders in meeting CSFs of the pharmaceutical industry. Each section of the interview guide was explained by the researcher so that respondents understand the meaning and the demands of the questions.

Question 5: *What roles does different stakeholders plays in meeting CSFs of the retail pharmaceutical industry?*

The Table 4.2 presents findings pertaining to the roles different stakeholders play in meeting CSF of the retail pharmaceutical industry.

Table 4.2 Roles Different Stakeholders Play in Meeting CSFs

Respondent	Response
R1	Government and suppliers are critical in the availability of drugs in retail pharmaceutical industry.
R2	Patients and doctors determine the drugs to be bought
R3	Government and suppliers play an important role in determining the price of drugs
R4	International Health Organisations such as WHO are playing an important role in health awareness
R5	Support industries such as ICT companies have facilitated the use of e-commerce in the industry.
R6	Increase in competitors has been intensifying the need for firms in the retail pharmaceutical industry to be competitive on service delivery and price.
R7	Suppliers greatly influence the cost centre.
R8	Customers/patients have the capacity to increase competitive pressures.
R9	Supplier and financing organizations play a critical role in the availability of capital.
R10	Suppliers greatly influence retail industry price competitiveness.

The Table 4.2 shows that there are many different stakeholders that play different roles for retail pharmaceutical companies to meet their CSFs. These stakeholders are government, suppliers, patients, doctors, international health organisations, support industries, competitors and financing organisations.

4.2.2.1 Government

Government through its health care regulations board instil reforms that will influence how retail pharmaceutical industry competes. The government has managed to put in place policies such as the National Health Policy with the main goal being to ensure equity and equality healthcare. After the government introduced the use of multi-currency, there was a slight increase in economic activity which resulted the sprouting of many retail pharmacies. However, the current liquidity crunch has affected retail businesses operations. National AIDS control programmes enable retail pharmacies to be competitive in the availability of drugs by offering drugs at lower prices.

4.2.2.2 Regulatory bodies

Regulatory bodies influence the CSFs of the retail pharmaceutical industry. Further, the pharmaceutical industry is highly regulated with different authorities such as Health Professions Authority responsible for monitoring effective, efficient and correct use of medicines. Suppliers are also regulated by similar authorities, hence, quality standards and drug specifications are set.

4.2.2.3 Suppliers and Financing Organisations

Suppliers are faced with limitations in production due to the current economic situation which is resulting high drug prices. This puts pressure on retail pharmaceutical industry players to be competitive on drug price. Suppliers greatly influence the cost centre. However, in the pharmaceutical industry the bargaining power of suppliers is low. It was established that Zimbabwe has over 90 private wholesalers registered and these are competing to serve the available 250 pharmacies in Harare. This alone shows that the bargaining power of the suppliers is very low and they usually end up offering attractive trading terms like discounts and numerous

promotions in bids to outclass one another. However, suppliers are faced with limitations in production due to the current economic situation which is resulting high drug prices.

Most retail pharmacies together with drug manufacturers are under capitalised. The costs of borrowing finance from the bank is too high. This has resulted in these companies failing to upgrade their operations equipment. This ultimately results in the industry failing to be competitive on price and quality.

4.2.2.4 Patients

Patients decide which medicine to buy, especially with reference to over the counter drugs. Thus, product awareness, product specifications and product usage will determine demand of some drugs. Thus, customers/patients have the capacity to increase competitive pressures. In setting prices and drug selection it is important to consider customer demands. Customers have the capacity to compare prices easily since services being offered are undifferentiated. It is easy for the buyers to switch from one player to the other and this also affects the business if the buyer moves from one pharmacy to another competitor.

4.2.2.5 International Health Organisations

International Health Organisations such as WHO are playing an important role in determining competitive variables. Awareness in diseases such as HIV/AIDS have resulted in increased usage of prevention methods such as condoms. Further, this has increased expectations on retail pharmacies to play a stronger role in the management of the chronic conditions.

4.2.2.6 Competitors

Increase in competitors has been intensifying the need for firms in the retail pharmaceutical industry to be competitive and meeting CSFs of the industry. Entrance of new competitors into the industry has increased competition. However, pharmaceutical sector has high entry barriers because regulatory statutes stipulate that a pharmacist should be a major shareholder- that is he/she should have at least 51% shareholding. Furthermore, the retail pharmaceutical sector in Harare has many

players over 300 making competition stiff for them to be competitive in meeting CSFs.

4.2.2.7 Medical practitioners

Those who work in the medical industry who include medical doctors and pharmacists greatly influence the competitiveness of the industry. Retail pharmaceutical industry was negatively affected by brain drain during the period 2000 to 2008, a period that was characterised by hyperinflation. This resulted in the industry losing many medical doctors to neighbouring countries and abroad. This compromised service delivery especially with reference to state owned pharmacies and hospitals.

Apart from this, drug manufactures are not allowed to advertise by the law. The major strategy they use is to form synergies with medical doctors so that doctors recommend their drugs through prescription. This shows that medical practitioners play a critical role in determining CSFs of the retail pharmaceuticals industry.

These results show that stakeholders in retail pharmaceutical industry that include government, suppliers, patients, doctors, international health organisations, support industries, competitors and financing organisations play a critical role in determining industry CSFs. Thus, if these stakeholders are well coordinated, retail pharmaceutical companies will be able to be competitive. Poor coordination among stakeholders often leads to overlapping roles and duplicated efforts. It was established that the lack of coordination causes confusion and stock outs at many treatment clinics, often forcing patients to switch to other regimens not for medical reasons, but because of supply-chain failures. In addition to interrupting treatment, drug stock outs increase the risk that the viruses and bacteria among other will become resistant to treatment (Donner and Escobari, 2010).

Question 6: *To what extent is management committed in meeting industry CSFs?*

This section sought to establish the level of commitment of management in meeting industry CSFs. The Table 4.3 presents the findings.

Table 4.3 Management Committed in Meeting Industry CSFs.

Respondent	Response
R1	Management choose viable places to locate pharmacies.
R2	Management always ensure that drugs are in stock.
R3	Management train employees on service delivery.
R4	Managers do research to identify customer needs.
R5	Managers promote efficient use of resources through planning and budgeting.
R6	Managers were being proactive and reactive to the ever-changing operating environment.
R7	Managers making efforts to meet market demands.
R8	Managers were sourcing finance.
R9	Management was engaging different stakeholders.
R10	Management was investing in marketing and relations with stakeholders.

It was established that management was committed in meeting industry CSFs given their decisions pertaining to store location. Usually pharmacies are located in popular and convenient places such as bus terminus like CopaCabbana, 4th and Market square. This is the reason why pharmacies are close to the central business unit. Apart from the location, store atmospherics such as design, ambience, music played, scent and lighting was very important on the overall shopping experience of a customer.

It was reported that management were committed in product quality and product availability. It was established that customers / patients move around in pharmacies looking for prescribed tablets and quality drugs which are usually over the counter. In terms of service delivery, management was committed in training employees in customer service. Retailers such as seen as providing excellent customer services to their consumers.

Management were making efforts to be innovative in meeting customer expectations. It was reported that management was committed in meeting industry's CSFs as it was investing in technology. However, despite these efforts the economic outlook was hampering these strategic efforts.

Management was committed in meeting industry's CSF as evidenced by careful planning and budgeting, human relations skills, marketing skills, and clear goals and objective setting. Management was committed in meeting CSFs because they were sourcing resources to cover on their resource deficiencies. However, it was established that management was not paying salaries on time, thus, staff were not motivated to work.

Management was trying its level best to meet industry's CSFs but there were limited opportunities to explore given the existing market conditions. It was established that there was consensus among respondents that generally management was committed in meeting industry CSFs. However, management respondents expressed that the environment was not conducive as the market and external outlook was depressed. Further, it was also revealed that management was finding it difficult to meet CSFs due to resource deficiencies. Related to this Gupta and Tandon (2013) concluded that successful pharmacies need to attend to CSFs if they are to be competitive. Although, management declared that there were efforts to meet those CSFs, there was need of organisations to be flexible and proactive to deal with the existing demands.

Question 7: *Please explain whether there are sufficient staff and skills to meet CSFs of retail pharmaceutical sector.*

The question was aimed at establishing whether the retail pharmaceutical industry had sufficient skills and staff to meet CSFs of the industry. The Table 4.4 presents the findings.

Table 4.4 Are there sufficient staff and skills to meet CSFs of retail pharmaceutical sector?

Respondent	Response
R1	The industry has sufficient staff and skills as there are tertiary institutions providing graduates every semester.
R2	Skills gaps due to brain drain
R3	In retail pharmaceutical companies, there was evidence of leadership skills resulting in the navigation of complex and changing landscape.
R4	Leaders in the industry were placing much emphasis on innovation and costs cutting to be competitive. These skills by managers were evident in the industry.
R5	Managers in the industry had technical, mental ability and human relations skills to cope with the demands of the industry.
R6	Managers were being able to develop and employ good business plans, manage workforce and resources effectively to adapt to this hostile economic environment.
R7	Mangers were exercising careful planning, budgeting, human relations skills, marketing skills and clear goals to cope with the demands of the industry. Staff was sufficient and competitive.
R8	Management said that they were goal oriented, decisive and confident that they will cope with the existing environment.
R9	The respondent mentioned that there were sufficient staff and skills in the industry.
R10	Staff was sufficient and skills were adequate.

It was established that there were sufficient staffs in the industry. Due to the existing economic conditions and business performance almost all retail pharmaceutical industry players were retrenching staff to bring viability to their companies. Although there has been brain drain as people are seeking greener pastures abroad, it was revealed that with particular interest to retail pharmaceutical industry that there was no much skills gap. Some respondents felt that the retail pharmaceutical sector was

not greatly affected by brain drain. It was suggested that managers and staff possessed sufficient skills to meet CSFs of retail pharmaceutical sector.

Most management respondents felt that there were sufficient staff and skills to meet CSFs of retail pharmaceutical sector. However, there has been brain drain as people were seeking greener pastures abroad. Thus, the industry to some extent was suffering from the effects of limited availability of skilled labour. Related to this, Simpson et al (2011) presented that sufficient staff and skills are critical in meeting CSFs.

Question 8: *Please explain whether there are systems to meet CSFs of retail pharmaceutical sector*

The question was aimed at establishing whether there are systems to meet CSFs of retail pharmaceutical sector. The Table 4.5 presents the findings.

Table 4.5 Please explain whether there are systems to meet CSFs of retail pharmaceutical sector?

Respondent	Response
R1	There is limited usage of ICT systems
R2	Companies have been investing heavily on ICT equipment with reference to dispensary ICT equipment, computers and software systems.
R3	The industry is facing challenges in recapitalisation; hence, there is limited expenditure on ICT equipment.
R4	Retail pharmaceutical companies are placing limited importance on ICT systems.
R5	There is an increase in the usage of ICT systems to meet CSFs.
R6	Retail pharmaceutical companies are placing importance on ICT facilities to gain competitive advantage.
R7	Retail pharmaceutical companies have been investing heavily on ICT equipment; however, there has been a general resistance to change.
R8	There is limited usage of ICT systems, due to regulatory restrictions.
R9	Retail pharmaceutical companies have been investing heavily on ICT equipment so as to meet CSFs of the industry.
R10	The industry is facing financial challenges in spending on ICT equipment.

The findings above shows that some retail pharmaceutical companies were investing in ICT so as to be competitive in meeting CSFs. However, there were capital constraints in acquiring ICT. Sources of capital were expensive due to high interest rates. It was revealed that some industry players were resisting technology. Apart from that, there were regulatory restrictions and resistance to change. Related to this, Zanamwe (2012) presented that the retail pharmaceutical industry in Zimbabwe has not adopted e-commerce technology and is still using basic entry-level e-commerce technologies).

4.2.3. Section C: Challenges faced by pharmacies.

This section was directed towards achieving research objective 2 which sought to explore competitive challenges faced by retail pharmaceutical industry.

Question 9: *Please describe the problems you think are affecting your operations.*

The Table 4.6 presents problems being faced by pharmacies in their operations.

Table 4.6 Problems faced by pharmacies.

Respondent	Response
R1	There is a drop in demand due to reduced employment and thus low disposable income, resulting in viability challenges.
R2	The major problem is undeveloped health care infrastructures
R3	There are supply and distribution issues
R4	Stiff competition, price pressure and lack of affordability,
R5	There is lack of reimbursement and public funding
R6	There are stiff regulatory requirements and length of product registration processes. This also includes compliance challenges, talent issues and lack of IP Protection.
R7	Compliance, legal and regulatory challenges have posed threats to the growth of the retail pharmaceutical industry.
R8	The external; outlook is affecting the operations of retail pharmaceutical industry players.
R9	There is a drop in demand due to reduced employment and thus low disposable income.
R10	The major problem is undeveloped health care infrastructures, price pressure and lack of affordability.

The Table 4.6 showed that problems faced by pharmacies include drop in demand due to reduced employment, undeveloped health care infrastructures, supply and distribution issues, stiff competition, price pressure, lack of affordability, stiff regulatory requirements, length of product registration processes, compliance challenges, talent issues, lack of IP Protection. Related to this, Stefanovic (2010) presented that compliance, legal and regulatory problems have posed threats to the growth of the retail pharmaceutical sector.

Question 10: *Explain which one of the following do you think are affecting your operations?*

The Table 4.7 presents the challenges affecting the operations of retail pharmaceutical industry players.

Table 4.7 Challenges affecting the Operations of Retail Pharmaceutical Industry Players

Respondent	Response
R1	Regulatory bureaucracy
R2	Availability of medicine
R3	Limited cheap sources of finance.
R4	There is high price pressure.
R5	Limited ICT infrastructure.
R6	Limited number of qualified personnel.
R7	Regulatory bureaucracy
R8	Retail pharmacies incurring heavy losses
R9	Limited cheap sources of finance.
R10	Limited ICT infrastructure

Regulations governing pharmacies were seen as bureaucratic. Zimbabwe's regulatory bureaucracy was a major deterrent to pharmaceutical investors who want to register new drugs. It was taking over 4 years to get approval from MCAZ for a drug to be registered. This was posing a challenge to the operations of retail pharmaceutical industry players. Availability of medicines is the most challenge affecting operations retail pharmaceutical industry players. This is because most drug manufacturing companies were on the brink of collapse because they are either incurring heavy

losses or are barely breaking even. Some suppliers halted. It was reported that Stock outs of essential medicines in retail pharmacies have negatively affected patient satisfaction and business reputation.

Retail pharmaceutical companies were faced with limited cheap sources of finance. Apart from this, the companies were faced with pressures to reduce the price of drugs due to the current liquidity situation.

Companies in the retail pharmaceutical industry were faced with limited ICT infrastructure. This is mainly influenced by capital and financial challenges. To add on, there was limited number of qualified personnel, and this affected the operations of retail pharmaceutical industry players.

Thus, the study observed that there are many regulations governing pharmacies, availability of medicines, access of finance, competition issues, information technology use and availability of qualified personnel are affecting the operations of retail pharmaceutical industry players. Related to this, Aqeel et al (2011) postulated that undeveloped health care infrastructures, costs containment measures and value based product evaluations are among the challenges faced by the retail pharmaceutical industry players. Further, Aqeel et al (2011) postulated that some countries especially in Africa do not have well-developed healthcare infrastructures.

4.2.4. Section D: CSFs to be considered

This section sought to answer research objective 1 which sought to ascertain CSFs to be considered for the growth of retail pharmaceutical industry.

Question 11: *Which are the CSFs to be considered for the growth of retail pharmaceutical Industry? Please explain each factor*

The Table 4.8 below presents findings pertaining to CSFs to be considered for the growth of retail pharmaceutical industry.

Table 4.8 Critical Success Factors to be considered

Respondent	Response
R1	Attracting many customers.
R2	Sound financial management.
R3	Convenient location.
R4	Selling quality and variety of drugs.
R5	Providing excellent service to their customers.
R6	Use of ICT structures
R7	Access to cheap source of finance
R8	Being competitive on costs.
R9	Stakeholder engagement
R10	Selling quality and variety of drugs.

The study established that ability to attract a maximum number of customers is of paramount importance in any retail business. This means that retail pharmacists need to be competitive on price.

It was also established that sound financial management is critical to be competitive in the industry. The retail pharmaceutical should proactively monitor their cash flows, be able to adapt to changing market conditions, and willing to seek external advice. Further, convenient location is a critical success factor to be considered by retail pharmaceutical firms. Pharmacies should be conveniently located in places where traffic is quite moderate for example along First Street.

Selling quality and variety of drugs is an important CSF. Drugs which are sold over the counter should be known and popular with patients/customers. Patients are always shopping around to find cheaper drugs.

The study established that retail pharmacies need to provide excellent service to their customers. Service delivery is an important CSF that will differentiate offerings of retail pharmacies. Use of ICT structures allows proper inventory management and this relies on accurate data of sales and inventory and if managed well issues of stock outs of essential medicines can be ironed out.

Access to cheap source of finance contributes to the competitiveness of firms in its growth endeavour. Retail pharmaceutical firms need to be competitive on costs. They need to source cheaper suppliers of drugs.

Ability to form strategic linkages with stakeholders such as doctors. This will enable doctors to ethically refer patients to pharmacies.

This shows that selling variety of drugs, sound financial management, convenient location, excellent service, cheap source of finance, competitive on costs and strategic linkages with stakeholders. From these findings, it was established that retail pharmaceutical firms need to be competitive on meeting the presented CSFs. Related to this, Gray, et al (2012) postulated that firms to be successful they should proactively monitor their cash flows, be able to adapt to changing market conditions, and are willing to seek external advice. It was established that management were supposed to exercise careful planning and budgeting, human relations skills and marketing skills, leadership skills, innovation, attitude towards risk, technical, mental ability and human relations skills, leadership skills, goal oriented, decisive and confident. If some managers did not possess these characteristics, they can be trained to improve their skills with respect to areas such as human resources, finance and marketing. Pansiri and Temtime (2008) concurs that if businesses are to succeed managers and business owners should develop basic managerial skills and knowledge which covers important areas such as planning, organising and directing. Swierczek (2003) concluded that the success of any business is highly dependent on managerial characteristics and the primary causes of failure of most SMEs are as a result of poor management. Factors that can promote retail pharmacy business success include being competitive on price, convenient location, understanding markets, competitive forces and the external environmental forces. Within the context of Zimbabwe, costs cutting capabilities and exploration of opportunities are the major thrust. Related to this, Schnepfer (2007) posits that retail pharmacies around the world have resorted to costs cutting measures so as to contain reduced profit margins. Retail pharmacies should thrive to have right product, in right quantities, at the right price, at the right place and using the right communications. As in the health markets, it is important

that pharmacists have clear information and see the added value of the product over competitors.

Question 12: *Please explain whether there are any characteristics of the manager that you think can influence the growth and survival of the company?*

The Table 4.9 presents characteristics of the manager that can influence the growth and survival of the company.

Table 4.9 Characteristics of the manager

Respondent	Response
R1	Manager should be careful in planning and budgeting.
R2	Human relations skills and marketing skills.
R3	Leadership skills
R4	Innovation, attitude towards risk.
R5	Technical, mental ability and human relations skills.
R6	Leadership skills.
R7	Leadership skills.
R8	Management were supposed to be goal oriented, decisive and confident.
R9	Human relations skills
R10	Management were supposed to be exercise careful planning and budgeting.

Under these economic challenges, management were supposed to be exercise careful planning and budgeting. This enable firms to control their costs. Human relations skills and marketing skills were critical in the management of retail pharmaceutical firms. Marketing skills enable pharmacies to establish opportunities for growth. Relations with stakeholders such as suppliers were seen as critical.

Leadership skills resulting in the navigation of complex and changing landscape are critical. Further, innovation, attitude towards risk, ability to identify customer needs and the ability to identify new opportunities were critical in these difficulty times.

Technical, mental ability and human relations skills to cope with the demands of the industry were greatly demanded. Thus, management were supposed to be goal oriented, decisive and confident that they will cope with the existing environment. Human relations skills with stakeholders such as suppliers are critical to enable availability of drugs. Management were supposed to be exercise careful planning and budgeting. Further, management were supposed to be cost competitive.

From these findings it was established that management were supposed to exercise careful planning and budgeting, human relations skills and marketing skills, leadership skills, innovation, attitude towards risk, technical, mental ability and human relations skills, leadership skills, goal oriented, decisive and confident. If some managers did not possess these characteristics, they can be trained to improve their skills with respect to areas such as human resources, finance and marketing. Pansiri and Temtime (2008) concurs that if businesses are to succeed managers and business owners should develop basic managerial skills and knowledge which covers important areas such as planning, organising and directing. Swierczeck (2003) concluded that the success of any business is highly dependent on managerial characteristics and the primary causes of failure of most SMEs are as a result of poor management.

Question 13: *What are the factors that are promoting your business?*

This question was aimed at factors that can promote retail pharmacy business success. The Table 4.10 below presents the findings.

Table 4.10 Factors that can Promote Retail Pharmacy Business Success

Respondent	Response
R1	Being competitive on price.
R2	Sound financial management.
R3	Convenient location.
R4	Excellent service delivery
R5	Excellent service delivery
R6	Understanding markets.
R7	Being competitive on price.
R8	Retail pharmaceutical firms need to be competitive on costs.
R9	Convenient location.
R10	Excellent service delivery

Retail pharmacists need to be competitive on price and having a variety of drugs. Patients are always shopping around for cheaper drugs sources. Further, availability of drugs will act as a determinant factor of which pharmacy to buy drugs. Convenient location is critical factor. The respondents said that there was need for pharmacies to be conveniently located in places where traffic is quite moderate for example along Second Street in Harare. Customer seek convenience when deciding which shop to buy drugs. There is need for retail pharmaceutical companies to understand market requirements. Retail pharmacies need to provide excellent service to their customers. Service delivery is an important factor that will differentiate offerings of retail pharmacies. Thus, understanding the needs of customers and supplier conditions. There was need of understanding the fact that customer needs are fast evolving. Thus, the retail pharmaceutical industry players need to do thorough market research. Sound financial management is critical to be competitive in the retail pharmaceutical industry. This will result in improved investment decisions.

In maximising profits, pharmacies need to segment and target market. It may be important for pharmacies to concentrate on highest potential pharmacies and must invest heavily to develop strong relationships with them. To adapt effectively, retail pharmaceutical companies need leadership skills that enable the navigation of complex and changing landscape.

Retail pharmaceutical firms need to be competitive on costs. They need to source sources of drugs. Synergies and alliances will enable firms to form profitable partnerships with suppliers. Ability to form strategic linkages with stakeholders such as doctors. This will enable doctors to ethically refer patients to pharmacies.

There is need for retail pharmaceutical companies to understand external environment and market requirements. Thus, understanding the needs of customers and supplier conditions. Further, there is need to understand the economic situation facing the country.

These findings show that factors that can promote retail pharmacy business success include being competitive on price, convenient location, understanding markets, competitive forces and the external environmental forces. Within the context of Zimbabwe, cost cutting capabilities and exploration of opportunities are the major thrust. Related to this, Schnepper (2007) posits that retail pharmacies around the world have resorted to cost cutting measures so as to contain reduced profit margins. Retail pharmacies should thrive to have right product, in right quantities, at the right price, at the right place and using the right communications. As in the health markets, it is important that pharmacists have clear information and see the added value of the product over competitors.

4.3 Part 2: Summary of Findings

This section presents a summary of findings basing on the research objectives and research questions:

The study found that the key stakeholders in order of importance are government, suppliers, patients, doctors, support industries, financing organisations, International health organisations and competitors. This order is determined by the bargaining power of these stakeholders. Government has the capacity to put in place stiff regulations, so as suppliers may fail to provide the product. It is assumed that every individual will at some point get sick, however, patients have the capacity to choose pharmacy of their choice. For retail pharmaceutical companies to be successful, they need to integrate the efforts of these stakeholders.

The study found that problems faced by pharmacies include drop in demand due to reduced employment, undeveloped health care infrastructures, supply and distribution issues, stiff competition, price pressure, lack of affordability, stiff regulatory

requirements, length of product registration processes, compliance challenges, talent issues, lack of IP Protection.

CSFs to be considered for the growth of retail pharmaceutical industry include the selling variety of drugs, sound financial management, convenient location, excellent service, cheap source of finance, competitive on costs and strategic linkages with stakeholders were key CSFs to be considered for the growth of retail pharmaceutical industry. Thus, retail pharmacies should thrive to have right product, in right quantities, at the right price, at the right place and using the right communications. As in the health markets, it is important that pharmacists have clear information and see the added value of the product over competitors.

4.4 Chapter Summary

This chapter presented the research findings and analysis pertaining to the study on CSFs in the Zimbabwe's retail pharmaceutical sector. The chapter was guided by research objectives. The study findings were discussed with respect to the existing literature. The chapter was divided into two sections being a summary of responses from the interviews and summary of findings. The next chapter looks at summary, findings and recommendations.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions and recommendations. This will be based on findings and analysis discussed under chapter four. The chapter also reflects the degree to which the research objectives of the dissertation have been achieved. Recommendations, study limitations, and areas for further research will also be given in the chapter.

5.2 Conclusions

Conclusions will be directly linked to the research objectives as presented below.

- The study concludes that the retail pharmaceutical industry is volatile, with so many stakeholder having the power and interest in the operations of the industry. The industry is made up of many stakeholders who contribute to its success. These include suppliers, government, patients and regulators among other. The study established that if these stakeholders are well coordinated retail pharmaceutical companies will be able to be competitive. This means that all efforts in strategy development and implementation should consider the interests and powers of these stakeholders.
- The retail pharmaceutical industry is faced with so many challenges which include a drop in demand due to reduced employment, undeveloped health care infrastructures, stiff competition, price pressure and stiff regulatory requirements. This means that operational viability in retail pharmaceutical industry has been compromised by these challenges.
- The retail pharmaceutical industry is hugely dependant on CSFs such as selling a variety of drugs, sound financial management, convenient location, excellent service, accessing cheap sources of finance, being competitive on costs and strategic linkages with stakeholders. These CSFs determine the competitiveness of each industry player. Thus, to be successful, firms should have the ability to sell a variety of drugs, having sound financial management systems, having conveniently

located pharmacies, excellent service, being competitive on costs and strategic linkages with stakeholders.

5.3 Evaluation of Research Proposition

Research Proposition: *The failure rate of retail pharmacies in Harare is high because operators are not aware of all the key success factors of pharmaceutical retailing.*

Findings from the study show that management are fully aware of all the key success factors of pharmaceutical retailing. Despite management being aware of CSFs, the operating environment and market conditions has been hostile for industry players to be competitive. Pharmacies are making efforts in being competitive on price, conveniently locating their branches and understanding markets.

5.4 Theoretical Contributions

Due to limited literature on CSFs for retail pharmaceutical companies within a Zimbabwean context, the empirical evidence gathered will be used by other researchers to build forward from this study.

5.5 Recommendations

With reference to the findings of the study, these recommendations will enable retail pharmaceutical industry players to understand CSFs for them to be competitive.

5.5.1 Retail pharmaceutical industry players should improve on service delivery

Retail pharmaceutical industry players should improve on their service delivery levels. The study found out that ability to provide excellent service delivery is of paramount importance in any retail pharmaceutical business. It was found that retailers who are successful in providing excellent service will rarely show any signs of collapse even in turbulent economic environments as well as strong competitive environments. Retail pharmacies need to put in place the following:

- Instilling service oriented culture;
- Service charter / service blueprint; and
- Training pharmacists, till operators, service staff and security officers on service quality.

5.5.2 Supply chain management

Retail pharmaceutical firms need to make synergies and alliances with supply chain players. These include drug suppliers, distributors and clients. It was established that local manufacturers are facing capacity problems and high production costs, thus, it is important for pharmaceutical firms to manage the supply of essential drugs to retail pharmacies. The retail pharmaceutical industry players need to:

- Form strategic partnerships with suppliers;
- Form strategic partnerships with doctors;
- Form strategic partnerships with customers (patients and corporates eg Harare Hospital)

5.5.3 Adaption and investment in ICT

It was established that technology adaptation helps retailers to increase sales, improve marketing and procurement process and hence increase the success of businesses. ICT in retail pharmacies allows easy access to information and this is beneficial. IT structures permits easy management of inventory, debtors and creditors, accounts. IT structures allows proper inventory management and this relies on accurate data of sales and inventory and if managed well issues of stock outs of essential medicines can be ironed out.

5.5.4 Costs reduction strategies should be implemented by retail pharmaceutical industry players.

This is because the study established that costs containment measures are among the challenges faced by the retail pharmaceutical industry players. The industry players should reduce costs related to supplies, inbound logistics, outbound logistics and marketing.

5.5.5 Environmental Scanning

Retail pharmaceutical companies need to constantly scan the environment to identify opportunities and threats. An internal analysis will also be required to assess

competitive position of firms. Tools such as SWOT analysis and PESTL analysis can be considered.

5.6 Study Limitations and Areas of Further Study

The study was mainly based on QV, Greenwood and Plaza pharmacies, hence, study findings may not be generalised to other retail pharmacies. These findings should be generalised with caution, as the focus of the study was mainly on the most established retail pharmaceutical companies. Apart from this, there was limited literature within the context of developing nations like Zimbabwe. Hence, it was difficult to deduce some meanings from published work.

5.7 Chapter Summary

This chapter presented conclusions and recommendations. This was based on findings and analysis discussed under chapter four. The chapter also reflected the degree to which the research objectives of the dissertation were achieved. Recommendations, study limitations, and areas for further research were also given in the chapter.

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APPENDIX A

INTERVIEW GUIDE

Dear Sir / Madam

The researcher intends to carry out a research study on the Critical Success Factors (CSFs) in the Zimbabwe's retail pharmaceutical sector. This interview is designed to collect data from your organisation. It would be appreciated if you could participate in the study by answering all questions as accurate as possible. Thank you for your participation in this research study. The study findings will be treated with utmost confidentiality.

Section A: Demographic Information

1. Please state the name of your organisation
.....
2. For how long have you been working in the retail pharmaceutical Industry?

3. How long have you been employed by this organisation

4. Please state you age group-
Less than 30, 31-40, 41-50 above 50

Section B: Roles played by different stake holders

5. What are the roles does different stakeholders plays in meeting CSF of the retail pharmaceutical industry. -----

6. To what extent is management committed in meeting industry CSFs?-----

7. Please explain whether are sufficient staff and skills to meet CSFs of retail pharmaceutical sector?-----

8. Please explain whether there are systems to meet CSFs of retail pharmaceutical sector? -----

Section D: challenges faced by pharmacies.

9. Please describe the problems you think are affecting your operations.

10. Explain which one of the following do you think are affecting your operations?

i) Regulations governing pharmacies-----

ii) Availability of medicines -----

iii) Access of finance -----

iv) Competition issues -----

v) Information technology use-----

vi) Availability of qualified personnel-----

Section C: CSFs to be considered

11. Which are the CSFs to be considered for the growth of retail pharmaceutical Industry? Please explain each factor -----

12. Please explain whether there are any characteristics of the manager that you think can influence the growth and survival of the company? Please explain each characteristic.

13. What are the factors that are promoting your business? Please explain each factor.

14. Do you have any information that you think is important for the survival of the retail pharmaceutical business in Zimbabwe.-----

END