



STRATEGIC PURCHASING AND PERFORMANCE OF PHARMACEUTICAL FIRMS IN NAIROBI CITY COUNTY, KENYA

¹ Muliro Mark Asakania, ² Dr. Lambaino Nelson

¹Masters Student, Jomo Kenyatta University of Agriculture and Technology

²Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

The pharmaceutical sector plays a crucial role in the healthcare system of Kenya, contributing significantly to public health and economic development. Despite the importance of the pharmaceutical industry, firms operating in Nairobi City County face significant challenges that hinder their overall performance. For instance, a study revealed that 40% of pharmaceutical firms reported inadequate inventory management practices, leading to stockouts and lost sales opportunities. Additionally, approximately 30% of these firms noted that regulatory compliance issues negatively impacted their operational efficiency. The general objective of the study was to assess the influence of strategic purchasing and performance of pharmaceutical firms in Nairobi City County, Kenya. Specifically, the study sought to assess the influence of Quality Assurance on performance of pharmaceutical firms in Nairobi City County, Kenya and to determine the influence of Stakeholder Involvement on performance of pharmaceutical firms in Nairobi City County, Kenya. The descriptive research design was employed. The study was conducted in Nairobi County since many of the pharmaceutical companies operate from that area. According to KAM (2023) there are 33 pharmaceutical companies registered companies operating in industrial area. The study targeted 198 management level employees at 33 pharmaceutical companies. The Yamane formula was adopted to calculate the study sample size. Therefore, the study sample size was 142 respondents. This study also used questionnaire to collect data relevant to this study. Quantitative data collected was analyzed using descriptive statistical techniques which are frequencies, mean, standard deviation. Inferential statistics which include Pearson correlation and the Regression Analysis Model was used to test the relationship between study variables. The significance of the model was tested at 5% level of significance. Data was analysed using Statistical Package for Social Sciences (SPSS) software. The study results were presented through use of tables and figures. The study concludes that quality assurance has a positive and significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya. The study also concludes that stakeholder involvement has a positive and significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya. Based on the findings, the study recommends that the management of pharmaceutical firms in Kenya should establish structured stakeholder engagement programs that facilitate regular communication and collaboration with key stakeholders, including customers, suppliers, regulators, and community members.

Key Words: Strategic Purchasing, Quality Assurance, Stakeholder Involvement, Pharmaceutical Firms in Nairobi City County, Kenya

Background of the Study

The study of the performance of pharmaceutical firms has gained significant attention in recent decades, driven by the industry's critical role in healthcare and its substantial economic impact. Pharmaceutical companies are at the forefront of drug discovery and development, contributing to public health by providing essential medications for various diseases. This research area encompasses various metrics of performance, including financial stability, research and development (R&D) efficiency, market share, and regulatory compliance. By analyzing these factors, stakeholders—including investors, policymakers, and healthcare providers—can better understand the operational success and challenges faced by these firms (Hatane, Hotlan & Rany, 2020). The process of bringing a new drug to market can take over a decade and involves extensive clinical trials to ensure safety and efficacy. This protracted timeline, coupled with the high rates of failure in drug development, necessitates a keen focus on R&D performance. Firms that effectively manage their R&D pipelines are often rewarded with competitive advantages, such as exclusive market rights and improved profit margins. Consequently, performance studies in this sector often emphasize the correlation between R&D productivity and overall firm success (Djavad, *et al*, 2020).

Moreover, the global landscape of the pharmaceutical industry has shifted dramatically due to advancements in technology, changing regulatory environments, and evolving market dynamics. The rise of personalized medicine, biotechnology, and digital health has transformed traditional business models, prompting firms to adapt quickly to maintain their competitive edge. As a result, the performance of pharmaceutical firms is increasingly assessed not only through financial metrics but also through their ability to innovate and respond to market demands (Junejo, *et al*, 2024). In addition, the impact of external factors such as healthcare policies, patent laws, and economic conditions has underscored the complexity of measuring performance in the pharmaceutical sector. Studies often examine how these variables influence firm strategies and outcomes, revealing insights into the broader implications for public health and access to medications. This multifaceted approach to performance analysis provides a comprehensive understanding of the challenges and opportunities that pharmaceutical firms encounter in a rapidly evolving industry (Mudaheranwa, 2021).

Djavad, *et al* (2020) in Iran found that if policy makers are careful about challenges of SP implementation in functions of health systems, they can achieve desirable outcomes in objectives. Stewardship of health system was the most challenging part among functions the system performs. These challenges are related to infrastructure of health systems. As mentioned before functions of health systems are keys to objectives. Because stewardship is the most important function of every health systems which it is about oversight of other functions, and as shown here that most of the challenges are in stewardship areas, if policymakers and planners of health systems can overcome challenges in stewardship they can hope that objectives of health system will be improved and it will be helpful for true implementation of SP.

In Ghana, Assiamah (2020) found that the purchasing function within an organization contributes as much to the success of the organization as other functions in areas such as marketing, finance and accounting, engineering, and operations. The impact of its strategic approach to buying helps in reducing cost of purchases and thus enhances the company's profit. The department is highly recognized by the top management and its activities are heavily considered in the corporate planning process.

Giathi, Abayo and Muhoho (2021) found a positive relationship strategic purchasing and organizational performance. The study concludes that strategic purchasing leads to simplification of processes. Therefore training of the NTSA employees on the strategic purchasing in place positively contribute to organizational performance.

Oliech and Mwangangi (2020) found that hospitals could perform well due to the fact that there was efficient strategic purchasing. In this regard, suppliers could be obtained at competitive prices and with short lead times. There were also good relationships with suppliers which could lead to sustainable procurement of equipment and medical supplies. The combined effect of these factors was good performance among hospital staff.

Statement of the Problem

The pharmaceutical sector plays a crucial role in the healthcare system of Kenya, contributing significantly to public health and economic development. By providing essential medications and healthcare products, pharmaceutical firms enhance the quality of life for citizens and support the government's efforts in disease prevention and treatment (Giathi, Abayo & Muhoho, 2021). Furthermore, the industry creates employment opportunities, stimulates research and development, and attracts foreign investment. In Nairobi City County, which serves as the country's commercial hub, the performance of pharmaceutical firms is particularly vital, as it directly impacts access to medications and healthcare services for a large population (Oliech & Mwangangi, 2020).

Despite the importance of the pharmaceutical industry, firms operating in Nairobi City County face significant challenges that hinder their overall performance. Reports indicate that many pharmaceutical companies struggle with issues such as inefficiencies in supply chain management, limited access to financing, and a lack of skilled personnel (Bwaseti & Achuora, 2020). For instance, a study revealed that 40% of pharmaceutical firms reported inadequate inventory management practices, leading to stockouts and lost sales opportunities. Additionally, approximately 30% of these firms noted that regulatory compliance issues negatively impacted their operational efficiency. These challenges result in decreased competitiveness and limit the ability of firms to meet the growing demand for pharmaceutical products in the region (Kimandi & Senelwa, 2021).

Strategic purchasing has emerged as a key factor influencing the performance of organizations in various sectors, including pharmaceuticals. By optimizing procurement processes, pharmaceutical firms can enhance operational efficiency, reduce costs, and improve product availability (Mutuku & Osoro, 2022). Effective strategic purchasing involves aligning procurement strategies with organizational goals, fostering supplier relationships, and leveraging data analytics to make informed decisions. Research indicates that firms employing strategic purchasing practices experience up to a 15% increase in operational efficiency and a 20% reduction in costs. This demonstrates that by adopting strategic purchasing initiatives, pharmaceutical firms in Nairobi City County could enhance their performance, ultimately leading to better service delivery and improved access to essential medications for the population (Giathi, Abayo & Muhoho, 2021).

Objectives of the Study

General objectives

The general objective of the study was to assess the influence of strategic purchasing and performance of pharmaceutical firms in Nairobi City County, Kenya

Specific Objectives

This study was guided by the following specific objectives

- i. To assess the influence of Quality Assurance on performance of pharmaceutical firms in Nairobi City County, Kenya
- ii. To determine the influence of Stakeholder Involvement on performance of pharmaceutical firms in Nairobi City County, Kenya

Theoretical Framework

Total Quality Management (TQM)

Total Quality Management (TQM) developed by Edwards Deming in the 1950s is a comprehensive management approach aimed at improving organizational processes, products, and services through continuous quality enhancement. At its core, TQM is centered on the belief that quality is not merely a goal but a continuous journey. It involves a holistic approach that integrates all members of an organization, from top management to frontline employees, in the pursuit of quality improvement. By fostering a culture where everyone takes responsibility for quality, TQM emphasizes that every employee has a role to play in the quality management process (Sroufe & Curkovic, 2022). One of the fundamental principles of TQM is customer focus. Organizations implementing TQM prioritize understanding and meeting the needs of their customers, recognizing that customer satisfaction is crucial to long-term success. This involves not only gathering feedback but also analyzing customer requirements and expectations, which helps in tailoring products and services accordingly. By striving to exceed customer expectations, organizations can build loyalty and enhance their competitive edge (Dube, 2020).

Another key aspect of TQM is the use of data-driven decision-making. TQM encourages organizations to rely on quantitative and qualitative data to inform their decisions. This involves employing various statistical tools and techniques to analyze processes and identify areas for improvement. Continuous monitoring and assessment of performance metrics allow organizations to pinpoint inefficiencies and implement corrective actions proactively, thereby ensuring that quality is embedded in every facet of operations (Wanjugu, Kiarie & Marende, 2020). Moreover, TQM promotes a culture of continuous improvement, often encapsulated in the Japanese term “Kaizen,” which means “change for the better.” This principle encourages organizations to foster an environment where employees are motivated to identify and suggest improvements. Regular training and development opportunities are essential, as they equip employees with the skills and knowledge necessary to contribute to quality initiatives. By nurturing an innovative and proactive workforce, organizations can adapt to changing market conditions and customer demands more effectively (Matovu, Gatome & Sebaggala, 2022).

Lastly, TQM relies heavily on teamwork and collaboration. Successful implementation of TQM necessitates breaking down silos within organizations, promoting cross-functional teamwork, and facilitating open communication. When employees from different departments collaborate on quality initiatives, they can share insights and best practices, leading to more effective solutions and enhanced organizational learning. This collective approach not only improves product quality but also strengthens relationships among employees, fostering a sense of shared purpose (Moriones, 2021). This theory was relevant in assessing the influence of quality assurance on performance of pharmaceutical firms in Nairobi City County, Kenya.

Stakeholder Theory

Stakeholder Theory developed by Edward Freeman (1984) is a strategic framework that emphasizes the importance of recognizing and addressing the interests and influences of all parties involved in or affected by an organization’s activities. Unlike traditional business models that prioritize shareholder value as the primary goal, Stakeholder Theory posits that organizations should create value for a broader group of stakeholders, including employees, customers, suppliers, communities, and the environment. This holistic approach asserts that organizations have ethical obligations to these stakeholders and that their well-being is intrinsically linked to the long-term success and sustainability of the organization itself (Diallo & Ewusie, 2022). At the heart of Stakeholder Theory is the concept of stakeholder identification and engagement. This involves recognizing who the stakeholders are and understanding their varying needs, expectations, and levels of influence. Stakeholders can be categorized into primary stakeholders,

who have a direct and immediate impact on the organization (such as shareholders and employees), and secondary stakeholders, who may influence or be affected by the organization indirectly (such as community groups and regulators). By actively engaging with these diverse groups, organizations can better align their strategies and operations with stakeholder interests, leading to more informed decision-making and enhanced organizational legitimacy (Kotula *et al*, 2021).

Stakeholder Theory also emphasizes the interconnectedness of stakeholder relationships. Organizations do not operate in isolation; they exist within a complex web of interactions and dependencies. For instance, a company’s reputation may be influenced by customer satisfaction, employee engagement, and community relations. By acknowledging these interrelationships, organizations can create synergies that benefit multiple stakeholders simultaneously. This perspective encourages organizations to view stakeholder management not as a zero-sum game but as an opportunity to foster collaboration and shared value, ultimately enhancing their social and economic impact (Maseko, 2023). Moreover, Stakeholder Theory advocates for ethical considerations in business decision-making. It challenges the notion that profit maximization should be the sole driving force behind corporate actions, arguing instead for a more responsible approach that accounts for the broader societal implications of business activities. This ethical dimension underscores the idea that organizations have a moral obligation to consider the welfare of all stakeholders, promoting transparency, accountability, and social responsibility. By adopting this ethical framework, organizations can enhance trust and loyalty among stakeholders, leading to stronger relationships and a more sustainable competitive advantage (Aduda, Odhiambo & Amollo, 2020). This theory was relevant in determining the influence of stakeholder involvement on performance of pharmaceutical firms in Nairobi City County, Kenya

Conceptual Framework

Conceptual framework is a network of inter related concepts, principles and ideas that creates awareness among different concepts (Cao, Thompson & Triche, 2018). The study was based on the different variables used in the study and are presented by use of a diagram which basically shows the inter-relationship that exists between the dependent variables and the independent variables.

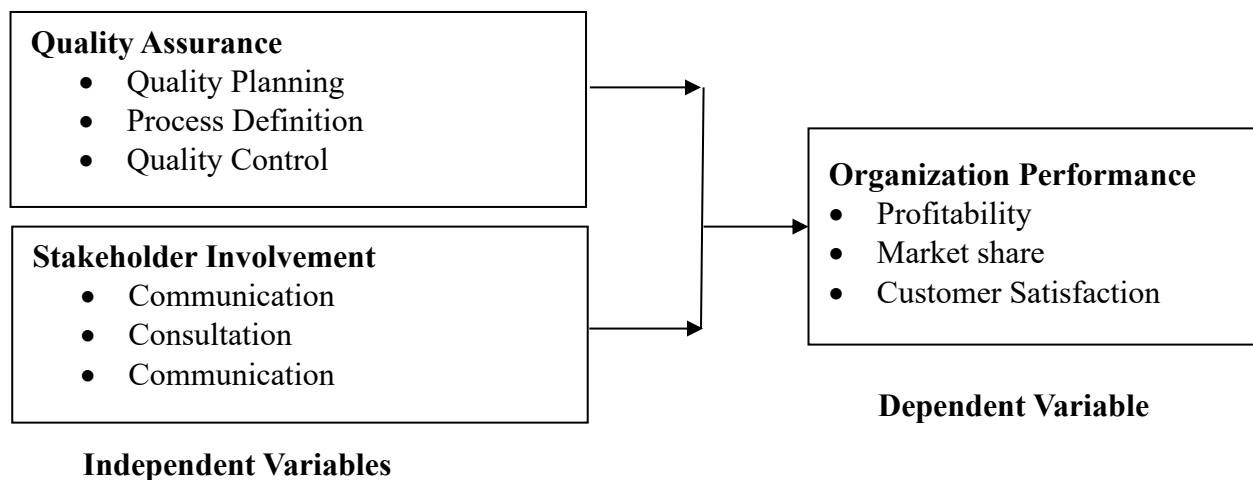


Figure 2.1: Conceptual Framework

Quality Assurance

Quality Assurance is a systematic process designed to ensure that products, services, or processes meet specified quality standards and satisfy customer expectations. It focuses on preventing defects and ensuring that processes are adequately defined and followed, rather than merely

inspecting finished products for flaws (Wanjugu, Kiarie & Marendi, 2020). Quality planning is the foundational step in the quality assurance process, where an organization determines the quality standards and objectives necessary to meet customer expectations and regulatory requirements. This phase involves defining what quality means for a specific project or product and establishing the criteria for success. Quality planning typically includes identifying the relevant quality standards, determining the quality metrics to be used, and outlining the processes and resources required to achieve those standards. By developing a comprehensive quality management plan, organizations can align their quality objectives with overall project goals, ensuring that everyone involved understands their roles and responsibilities. Effective quality planning not only minimizes the risk of defects but also enhances efficiency, resulting in higher customer satisfaction and reduced costs (Matovu, Gatome & Sebagala, 2022).

Process definition involves clearly outlining the workflows and procedures that will be followed to achieve quality objectives. This step is crucial for ensuring consistency and reliability in the production or service delivery process. It includes documenting each step in the workflow, specifying the inputs, outputs, tools, and techniques to be used, as well as the roles and responsibilities of team members involved. By creating detailed process maps and standard operating procedures (SOPs), organizations can establish a common understanding of how tasks should be performed, which helps minimize variability and errors. Additionally, well-defined processes facilitate training and onboarding, as new team members can refer to established documentation to learn the correct procedures. Overall, process definition is key to creating a structured environment that supports quality assurance initiatives (Moriones, 2021).

Quality control (QC) is the process of monitoring and evaluating the outputs of a project or production process to ensure they meet predefined quality standards. This involves the implementation of systematic inspections, testing, and measurement techniques to identify any defects or deviations from established criteria. QC is typically performed at various stages of production or service delivery to catch issues early and prevent them from escalating. Tools such as statistical process control, inspection checklists, and performance metrics are commonly used in this phase. When defects are identified, quality control also includes implementing corrective actions to address the root causes and prevent recurrence. By maintaining a rigorous quality control process, organizations can enhance product reliability, improve customer satisfaction, and reduce costs associated with rework or failures, ultimately contributing to the long-term success of the organization (Macharia & Mwangangi, 2020).

Stakeholder Involvement

Stakeholder involvement refers to the active engagement and participation of individuals or groups who have an interest or stake in a project, organization, or decision-making process. Stakeholders can include a wide range of entities, such as employees, customers, suppliers, investors, regulatory bodies, community members, and other affected parties (Juma & Dacha, 2020). Communication is a fundamental component of stakeholder involvement, encompassing the exchange of information between an organization and its stakeholders. Effective communication ensures that all parties are kept informed about project goals, progress, challenges, and decisions. This process involves not only disseminating information but also actively listening to stakeholder concerns and feedback. Clear, transparent communication helps build trust and fosters a positive relationship between the organization and its stakeholders. Different communication methods, such as meetings, emails, newsletters, and social media, can be employed to reach diverse stakeholder groups, considering their preferences and levels of engagement. By prioritizing open communication, organizations can enhance stakeholder understanding and support, ultimately leading to more successful project outcomes (Diallo & Ewusie, 2022).

Consultation is a more interactive form of engagement that involves seeking input and feedback from stakeholders regarding specific decisions, plans, or policies. This process typically occurs through structured meetings, workshops, surveys, or focus groups, allowing stakeholders to voice their opinions, share their insights, and contribute to the decision-making process. Effective consultation not only gathers valuable perspectives but also empowers stakeholders by making them feel heard and valued. This collaborative approach can lead to more informed and balanced decisions, as it incorporates a wider range of viewpoints and expertise. Moreover, when stakeholders see that their input is considered, they are more likely to support and advocate for the outcomes of the consultation process. Overall, consultation is essential for fostering a sense of ownership among stakeholders and enhancing the legitimacy of decisions made by the organization (Kotula *et al*, 2021).

Empirical Review

Quality Assurance and Organization Performance

Dube (2020) conducted research on Quality assurance practices in university libraries in South Africa. The study utilized questionnaires and document analysis to collect data and targeted officers in academic libraries who deal with quality assurance matters or issues as well as policy or other related documents. The results showed that quality assurance practices in academic libraries vary. They range from active and integrative processes for maintaining and improving quality to those that are feeble and not well developed. The following indicators were used to determine quality strategies adopted by the participant libraries: skills mix and staff; collection range, relevance and accessibility; library services; infrastructure and facilities; and innovative quality assurance initiatives. The objectives of the study were achieved as quality indicators were mapped, quality assurance strategies were examined and challenges were identified. However, there is a sense that all of them are conscious of quality issues and are committed to continuous improvement and satisfying the needs of the customer.

Macharia and Mwangangi (2020) researched on the influence of total quality management on procurement performance in telecommunication industry in Kenya: a case of Safaricom Company Limited. The study applied a descriptive research design. The target populations of the study are the employees of Safaricom Kenya Company Limited. Data was collected using Stratified Random Sampling of the Safaricom Kenya workforce by answering of questionnaires both quantitatively and qualitatively with a pilot test first conducted with 3 questionnaires sent to the various strata. The sample size was exists a strong positive relationship between total quality management and procurement performance. The study concluded that total quality management influence procurement performance.

Stakeholder Involvement and Organization Performance

Diallo and Ewusie (2022) researched on Corporate Social Responsibility and Stakeholder Management in Unilever Ghana limited. The stakeholder approach as theoretical frame, was used and interviews with open-ended questioning style as well as documents were used as sources of evidence. The findings show that for a business in Ghana to embark on a dental hygiene campaign, knowing that they need the seal of approval of the Ghana Dental Association (GDA), the company would be prepared to do what it takes to accommodate GDA's interests. This study has proven to be a guide in how to maintain a professional stakeholder management for CSR, which can be used by other companies especially those in the sub-region due to similar socio-economic climate.

Kotula *et al* (2021) conducted a case study on Strategic sourcing supplier selection misalignment with critical success factors: Findings from multiple case studies in Germany and the United Kingdom. This research adopted a case study approach considering twenty medium to large organizations from the electronics manufacturing and construction industries in Germany and the United Kingdom. The findings show that nine out of nineteen organizations see strategic sourcing

as a significant and distinct function, but the remaining ten do not have an established strategic sourcing department. The interview findings further reveal that the role of strategic sourcing has changed over the past five years and became more important for organizational performance with enhanced management support. The study concluded that it would be interesting to understand how the cultural backgrounds of managers or chief procurement officers influence strategic sourcing and its direction.

Research Design

The descriptive research design was employed where data was collected one point in time. Creswell and Creswell (2019) notes that a descriptive survey seeks to obtain information that describes existing phenomena by asking questions relating to individual perceptions and attitudes. The design is considered suitable as it allows an in-depth study of the problem under investigation.

Target Population

The study was conducted in Nairobi County since many of the pharmaceutical companies operate from that area. According to KAM (2023) there are 33 pharmaceutical companies registered companies operating in industrial area. The study targeted 198 management level employees at 33 pharmaceutical companies.

Table 3. 1: Target Population

Category	Target Population
Top Managers	33
Middle Level Managers	66
Lower Level Managers	99
Total	198

Sample Size and Sampling Technique

This study adopted a census technique. Census sampling technique involves selection of all the samples that meet some predetermined criterion considered importance to the study. This sampling design was used because as per Patton (2019) who uphold the argument that one may learn a great deal when focusing on a reasonably smaller population that is considered representative hence can be generalized. According to Mugenda and Mugenda (2019), a sample is a smaller group of individuals selected from the population. The Yamane formula was adopted to calculate the study sample size as follows;

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

Where n is the sample size, and N is the population size, e- acceptable sampling error (0.05)

$$= \frac{198}{1+198(0.05^2)}$$

$$= \frac{198}{1.495} = 142.44$$

$$n \approx 142$$

Therefore, the study sample size was 142 respondents.

Data Collection Instrument

Data was collected using a self-administered semi-structured questionnaire. Semi-structured questionnaires were used since they enable the researcher collect quantitative data. Questionnaires are a good method because they provide clarifications seek by respondents and they can be

collected immediately after they are completed. Structured questionnaires are easy to administer, analyze and are economical in terms of time and money. A five-point Likert scale was used to measure all variables. The lowest rating of 1 signifies a low opinion by respondent while a high rating of 5 signifies a high rating by the respondents.

Questionnaire Pre-test

A pilot test was conducted to determine validity and reliability of the data collection instrument. A pilot study is a small experiment designed to test logistics and gather information prior regarding a larger study, in order to improve the latter quality and efficiency. A pilot study can reveal deficiencies in the design of proposed experiment and procedure and these can be addressed before time and resources are expended on large scale studies. The responses from respondents will be used to adjust and refine questionnaire accordingly. According to Mugenda and Mugenda (2019) the pretest sample should be between 1% and 10% depending on the sample size.

Data Analysis and Presentation

Data obtained from the field was coded, cleaned, and entered into the computer for analysis using the SPSS version 25. The data was summarized in order to see emerging trends and issues around specific themes, which are dependent on the variables and objectives. Presentation of data was done in form of quantitative and qualitative reports which was presented in forms of tables and essay. For the quantitative reports, the tables consisted of mean and standard deviation values that were used to make interpretation of the analysis. Percentage, mean and standard deviation were used to show the frequency of responses. Tables were used to display the rate of responses and to facilitate comparison. Qualitative reports were presented in form of essay which was discussed as per the study objectives aligned with the theories and empirical study.

Descriptive statistical included frequency, percentages, mean and standard deviation. Inferential statistical analysis used was multiple regression and correlation analysis. The significant of each independent variable was tested at a confidence level of 95%.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Descriptive Statistics Analysis

Quality Assurance and Organization Performance

The first specific objective of the study was to assess the influence of Quality Assurance on performance of pharmaceutical firms in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on Quality Assurance and performance of pharmaceutical firms in Nairobi City County, Kenya. The results were as shown in Table 4.1

From the results, the respondents agreed that they have established clear quality objectives that are communicated to all team members ($M=3.996$, $SD= 0.865$). In addition, the respondents agreed that their quality planning considers customer feedback and requirements ($M=3.819$, $SD= 0.945$). Further, the respondents agreed that their organization has clearly documented processes for all critical operations ($M=3.798$, $SD= 0.611$).

The respondents also agreed that the process definitions are easily accessible to all employees who need them ($M=3.731$, $SD= 0.908$). In addition, the respondents agreed that their quality control procedures are comprehensive and cover all stages of production ($M=3.711$, $SD= 0.776$). Further, the respondents agreed that they use standardized methods and tools for quality control across all products and services ($M=3.675$, $SD= 0.897$).

Table 4. 1: Quality Assurance and Organization Performance

	Mean	Std. Deviation
We have established clear quality objectives that are communicated to all team members.	3.996	0.865
Our quality planning considers customer feedback and requirements.	3.819	0.945
Our organization has clearly documented processes for all critical operations.	3.798	0.611
The process definitions are easily accessible to all employees who need them.	3.731	0.908
Our quality control procedures are comprehensive and cover all stages of production.	3.711	0.776
We use standardized methods and tools for quality control across all products and services.	3.675	0.897
Aggregate	3.788	0.834

Stakeholder Involvement and Organization Performance

The second specific objective of the study was to determine the influence of Stakeholder Involvement on performance of pharmaceutical firms in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to Stakeholder Involvement and performance of pharmaceutical firms in Nairobi City County, Kenya. The results were as presented in Table 4.2.

From the results, the respondents agreed that communication regarding projects and initiatives is timely and clear (M=3.920, SD= 0.605). The respondents also agreed that stakeholders are encouraged to provide feedback on communication methods their organization (M=3.915, SD=0.981). In addition, the respondents agreed that their organization actively promotes transparency in its communications with stakeholders (M=3.911, SD= 0.873).

The respondents also agreed that they regularly consult stakeholders when making decisions that impact them (M=3.897, SD= 0.786). Further, the respondents agreed that the consultation process is structured and allows for meaningful input from all stakeholders (M=3.789, SD= 0.896). In addition, the respondents also agreed that stakeholders feel that their opinions are valued and considered in the decision-making process (M=3.695, SD= 0.897).

Table 4. 2: Stakeholder Involvement and Organization Performance

	Mean	Std. Deviation
Communication regarding projects and initiatives is timely and clear.	3.920	0.605
Stakeholders are encouraged to provide feedback on communication methods used by the organization.	3.915	0.981
Our organization actively promotes transparency in its communications with stakeholders.	3.911	0.873
We regularly consult stakeholders when making decisions that impact them.	3.897	0.786
The consultation process is structured and allows for meaningful input from all stakeholders.	3.789	0.896
Stakeholders feel that their opinions are valued and considered in the decision-making process.	3.695	0.897
Aggregate	3.855	0.839

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (quality assurance and stakeholder involvement) and the dependent variable (performance of pharmaceutical firms in Nairobi City County, Kenya). Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

Table 4. 3: Correlation Coefficients

		Organization Performance	Quality Assurance	Stakeholder Involvement
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	137		
Quality Assurance	Pearson Correlation	.856**	1	
	Sig. (2-tailed)	.001		
	N	137	137	
Stakeholder Involvement	Pearson Correlation	.859**	.189	1
	Sig. (2-tailed)	.000	.081	
	N	137	137	137

Moreover, the results revealed that there is a very strong relationship between quality assurance and performance of pharmaceutical firms in Nairobi City County, Kenya ($r = 0.856$, p value = 0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings conform to the findings of Musafiri and Twesige (2024) that there is a very strong relationship between quality assurance and organization performance.

The results also revealed that there was a very strong relationship between stakeholder involvement and performance of pharmaceutical firms in Nairobi City County, Kenya ($r = 0.859$, p value = 0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Makau and Okeyo (2021) who revealed that there is a very strong relationship between stakeholder involvement and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (quality assurance and stakeholder involvement) and the dependent variable (performance of pharmaceutical firms in Nairobi City County, Kenya)

Table 4. 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891	.794	.795	.10120

a. Predictors: (Constant), quality assurance and stakeholder involvement

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.794. This implied that 79.4% of the variation in the dependent variable (performance of pharmaceutical firms in Nairobi City County, Kenya) could be explained by independent variables (quality assurance and stakeholder involvement).

Table 4. 5: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.027	2	6.013	60.14	.000 ^b
Residual	6.568	134	.049		
Total	18.595	136			

a. Dependent Variable: performance of pharmaceutical firms in Nairobi City County, Kenya

b. Predictors: (Constant), quality assurance and stakeholder involvement

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 60.14 while the F critical was 2.440. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of quality assurance and stakeholder involvement on performance of pharmaceutical firms in Nairobi City County, Kenya.

Table 4. 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error			
1	(Constant)	0.341	0.089		3.831	0.001
	quality assurance	0.387	0.095	0.386	3.949	0.001
	stakeholder involvement	0.398	0.102	0.399	3.716	0.003

a Dependent Variable: performance of pharmaceutical firms in Nairobi City County, Kenya

The regression model was as follows:

$$Y = 0.341 + 0.387X_1 + 0.398X_2 + \epsilon$$

The results also revealed that quality assurance has significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya, $\beta_1=0.387$, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings conform to the findings of Musafiri and Twesige (2024) that there is a very strong relationship between quality assurance and organization performance.

In addition, the results revealed that stakeholder involvement has significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya $\beta_1=0.398$, p value= 0.003). The relationship was considered significant since the p value 0.003 was less than the significant level of 0.05. The findings are in line with the results of Makau and Okeyo (2021) who revealed that there is a very strong relationship between stakeholder involvement and organization performance

Conclusions

The study concludes that quality assurance has a positive and significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya. The study revealed that quality planning, process definition and quality control influence performance of pharmaceutical firms in Nairobi City County, Kenya.

The study also concludes that stakeholder involvement has a positive and significant effect on performance of pharmaceutical firms in Nairobi City County, Kenya. The study revealed that

communication and consultation influence performance of pharmaceutical firms in Nairobi City County, Kenya.

Recommendations

The study recommends that the management of pharmaceutical firms in Kenya should establish a robust continuous quality improvement (CQI) framework within pharmaceutical firms. By fostering a culture of quality, where all staff are engaged in identifying and addressing quality issues, firms can enhance their processes and product reliability

The study also recommends that the management of pharmaceutical firms in Kenya should establish structured stakeholder engagement programs that facilitate regular communication and collaboration with key stakeholders, including customers, suppliers, regulators, and community members. These programs should include regular forums, workshops, and feedback sessions to gather insights and address concerns.

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