

**Research Article**

DOI: <http://dx.doi.org/10.22192/ijamr.2023.10.01.014>

# Exploring the relationship between strategic formulation and pharmaceutical firms' productivity in Nigeria

<sup>1</sup>**Emmanuel Tyohemba AGBA**

<sup>2</sup>**Omokide Sherifat ALIU**

<sup>3</sup>**Gusam zachariah NUHU**

<sup>123</sup>University of America, Curacao Campus

## Abstract

### Keywords

Strategy formulation, quality service delivery, customers responsiveness, organisational productivity, and employee engagement

The primary objective of this study is to investigate the relationships between strategy formulation and pharmaceutical firms' productivity in Nigeria. The study used a descriptive research design. The total of fifty-five (55) senior management staff (complete census) of the selected firm participated in the study while smart partial least squared (SMART PLS) 3.0 was adopted to determine the extent of relationships between strategy formulation and pharmaceutical firms' productivity. The statistical results show that strategy formulation significantly influence quality service delivery, customers responsiveness, employee engagement and performance of the pharmaceutical firms in Nigeria. The study recommends that efforts should be made by the management of the pharmaceutical firms to regularly update their mission statement, systematic appraisal of internal operations quality in line with the current happenings in the business environment, timely identification of opportunities and threats to foster improve productivity.

## Introduction

The unpredictable nature of the business environment, as well as the fierce competition that results in constant changes to the business world, are features of twenty-first-century organisations. Change management in a highly competitive business environment determines the level of organisational productivity (Areiqat, Mahrakani, Zamil, & Abu-Rumman, 2019). The adaptability of the organisations, particularly the pharmaceutical firms, to the constant changes in

the new world of work should reflect on the strategies that such firms adapt to cope successfully (Dowsett, 2020). The pharmaceutical firms and other organisations leverage strategic planning in dealing with the new trends and changes in the new business environment to strengthen and enhance the organisational ability to adapt and learn intentionally. The pharmaceutical firms in Nigeria are yet to satisfy the stakeholders' expectations of more returns on investment.

Strategic planning in pharmaceutical firms is instrumental to managing relationships between the different dimensions of factors, both internal and external, to improve the work processes and promote excellence in their operational deliverables (Luce, 2018). In doing this, organisations should develop a strategic and measurable framework to guide business and operational decisions to meet stakeholders' expectations (Jafar, 2017). Stakeholders expect their business to yield more profits. This can only be achieved if the organisation performs optimally (Fransiskus, Deidhae, and Hardyanto, 2021). For pharmaceutical firms to function productively, employees are expected to be involved in the strategic planning process. The role of employees in the productivity of any organisation cannot be overemphasised.

Organisations engage in strategic development to actualise strategic vision and objectives. Since the business environment has become unpredictable, pharmaceutical firms in Nigeria could not afford to be rigid. The challenge in some pharmaceutical firms is the ability to switch almost immediately to the demands and needs of the customers (Gagne, 2018). This creates an avenue for some customers to rely on foreign products. The customers now see foreign products and services as more dependable, reliable, and valuable. It must be noted that the value of products or services as perceived by the customers will affect the firms' overall productivity either positively or negatively (Adeleke, Onodugo, Akintimehin, & Ike, 2019). The customers' perception could be one of the reasons the pharmaceutical firms in Nigeria are not doing exceptionally well. Most of the time, customers will want to ascertain the origin of any products before making their purchasing decisions. An average Nigerian would prefer any products or services from a foreign context. This is because they place more value on foreign products or services. Invariably, the contribution of the pharmaceutical firms in Nigeria to the GDP is affected. Based on the foregoing, it becomes imperative to investigate the influence of strategy formulation on pharmaceutical firms' productivity.

## **Literature Review**

### **Strategy Formulation**

Many academics have recognised the significance of strategy formulation (Majama & Magang, 2017; Ahmed & Mukhongo, 2017; Makanga & Paul, 2017). Strategy formulation is among the cornerstones of strategic leadership (David & David, 2017). According to David and David (2017), strategy formulation is "a conceptual process that comprises recognising possibilities and challenges in the business's surroundings and coming up with plans to exploit the opportunities and mitigate the challenges." Auka and Langat (2016) also define it as "the practice of identifying the most suitable means for achieving organisational aims and ambitions and, thus, aiding the realisation of corporate targets." Formulating corporate strategies is known as strategy formulation (Nwachukwu, Chládková & Fadeyi, 2017). External analysis, generating the strategic mission, setting organisational plans, incorporating micro and macro contextual information, and determining strategy are five essential actions that are frequently noticed in strategy formation (David & David, 2017).

These five tasks are used to operationalise strategy formation in this study. According to Poister et al. (2013), businesses should establish a strategy when the operational climate becomes more dynamic. In a volatile environment, strategy planning allows businesses to recognise vulnerabilities and establish consistency (Collis & Anand 2019; Nwachukwu et al., 2017). There are two techniques for developing a strategy. The prescriptive and descriptive approaches are two of them. The conventional strategy formulation process is the prescribed technique, sometimes described as the "logical," "intentional," or "calculated" method (Kumar, Butt & Kumar, 2018). The prescriptive technique is similar to the Strategic Planning Model proposed by Wheelen and Hunger (2014).

Nwachukwu, Chladkova and Fadeyi (2017) claim that purposeful planning clarifies ambiguities. It indicates that the planning procedure is well-articulated, and that management operates deliberately and evaluates possibilities before making decisions (David & David, 2017). This technique has been criticised by David and David (2015) because it does not consider the reality of the constantly evolving corporate setting. According to Wilden and Gudergan (2017), a prescriptive approach is restricted to much more established and sturdy organisational situations. Based on the descriptive method, strategy formulation is frequently a less logical process. "Strategy frequently arises as a continuous sequence of activities that are only retroactively rationalised and organised as a framework" (Makanga, & Paul, 2017). The descriptive technique is also known as "rational incrementalism," "learning viewpoint," "Responsive Learning Model," and "evolutionary methodology" (Kinemo, 2020). This method is based on complexity theory (Taiwo, Lawal & Agwu, 2016; Kehinde et al 2020). According to this theory, the future is uncertain, making prediction difficult (David & David, 2017). Strategy formulation can be logical given the dynamic nature of the business climate, or instead, strategies develop from executives' everyday reactions to complications or prospects which have been unexpected by individuals involved in the intentional, strategic objective procedure now they were conducting their preparation and forecasting" (Sallah, & Caesar, 2020).

### **Firms Productivity**

It can be difficult to define organisational productivity coherently that encompasses all aspects because productivity varies from firm to firm and is used subtly to describe an organization's productivity. Productivity is a ratio that measures how well a company converts factor inputs (land, labour, machine, and capital) into goods and services, according to Towbin, (2018). Chang, (2018) refers to Rodriguez, Svensson, and Eriksson (2018), who defines productivity as "what people can achieve with the

least amount of effort." Olusanya, Awotungase, and Ohadebere (2012) define organisational productivity as how efficiently and effectively managers use resources to achieve the organization's set goals. Various criteria define organisational productivity; some can be measured numerically, while others require a qualitative, logical, and systematic approach. When evaluating productivity, it's critical to have a thorough understanding of each of the main driving forces or variables that influence it.

In addition to these individual assessments of the propelling force, it is critical to evaluate the overall health of their operation, as changes may have an impact on others (negatively or positively). It is necessary to understand how each of these variables contributes to overall production when determining the effectiveness of an evaluation (DHC, 2009). Among the many factors to consider are goals and objectives, strategies, structures, processes, staffing, controls and responsibilities, plans and programmes, motivations and incentives, training and development, systems and tools, communication, and culture.

The end result of activities is productivity, which is concerned with a company's total efficiency or productivity. Financial or "sales-based" productivity management and non-financial or "firm-based" productivity management are the two methodologies found in the study. While the financial side measures profitability, growth, efficiency, level of sales revenue, market share and product, return on investments, and product added value, the non-financial side measures employee development, customer satisfaction, job satisfaction, and effective internal organisational processes (Ogbeiwi, 2018). As a result, strategic management methods are justified in their capacity to improve an organisation's productivity efficiency (Wheelen & Hunger, 2017; Agbazue & Nwobi 2020).

Productivity allows for the identification of areas for improvement and the tracking of the company's development. Productivity evaluation is an integral part of measuring a company's

growth and development. It entails evaluating a company's entire productivity of employees concerning its stated goals (Agbazue & Nwobi, 2020). Regular checking of the firms' productivity protects them from financial and organisational challenges. It helps businesses cut process expenses, boost productivity, and improve mission effectiveness. Today's small firms, particularly those in the service industry, are battling to enhance profitability and productivity. The majority of these tiny firms have no idea how or what it takes to compete in the business world, but this research will assist them in learning how to improve their company's productivity.

### **Quality Service Delivery**

Service as an activity or series of activities usually done and not necessarily in the interaction between customers and employees, physical resources, items, and other supplier systems for services, but are offered as solutions to customers problems (Alzaydi, Al-Hajla, Nguyen & Jayawardhena, 2018). But the concept of service quality is based on opinions. According to Maisarah, et al (2020), the quality of service is determined by comparing what the client believes should be delivered to them and what is provided to them. Also, service quality is a consistent adherence to client requirements and a grasp of consumer expectations from a specific service (Ramya, Kowsalya, & Dharanipriya, 2019). According to Vencataya, Pudaruth, Juwaheer, Dirpaland Sumodhee, (2019), service quality reflects the degree of disparity between client perceptions and expectations.

Today, service quality is critical to an organisation's success in gaining a competitive edge and increasing its competitive strength. The technical (outcome) and operational components of perceived service quality are met (process-oriented) (Akinmalissiga, Sukdeo & Vermeulen, 2017). The client encounters the technical aspect of service, which is quantifiable and objective because it is what the client sees after the serving process. On the other hand, it may be difficult for the client to conceptualise and quantify the functional value associated with receiving a

service. While operational quality refers to how the service is delivered, technical quality refers to the service's outcome.

The gap between a customer's expectations for a service encounter and their perceptions of the service received is referred to as service quality. According to the service quality theory, customers will rate the quality as 'poor' if productivity falls short of expectations and as 'high' if productivity surpasses expectations (Pakurár, Haddad, Nagy, Popp, & Oláh, 2019). It may be necessary to lower expectations or increase the customer's view of what they have gotten to close this gap.

Expertise and abilities, attitudes and conduct, accessibility and flexibility, dependability and trust, better service and reputation are all six criteria for perceived quality service delivery. Customer satisfaction is intimately linked to service quality; therefore, improving service quality enhances the likelihood of customer satisfaction. Increasing customer satisfaction leads to behavioural consequences such as commitment, a desire to maintain relationship between the service provider and the client, a higher tolerance for service delivery challenges, and good word of mouth advertising.

The ability of a company to listen to and respond to specific client problems and expectations is referred to as empathy. Empathy refers to a company's willingness to accept personal or collective responsibility for its customers' problems. The human aspect of service quality is how people perceive this component of service quality (Shao, 2019). Finally, responsiveness is a technique used by service providers to resolve customer issues quickly and within a set time frame. This aspect of service excellence is viewed through the eyes of the customer. Information technology advancements have increased the responsiveness of service delivery organisations. Examples include emails, websites, and customer service interfaces.

## **Customer Responsiveness**

Customer responsiveness is defined as a company's ability to respond quickly to customers' demands and desires and changing market conditions (Kumar and Singh, 2017). When companies implement lean, the methods they use frequently impact the internal supply chain, such as customer responsiveness, which is measured by KPIs like lead time, total reaction time, and so on.

Responding to customer requests is inseparable from information, so it is imperative to use it correctly. Today's customers expect a more incredible response to an ever-changing set of standards and a new competitive environment that plunges most companies into international competition, creating new conditions that pose challenges for most industries. Value-added activities such as personalised services should be included in customer response. This could be in the form of committing to a short order-to-delivery cycle time, even if it means reducing batch size. Every firm would want to ensure that its approach yields measurable results.

## **Employee Engagement**

Employee engagement has drawn more attention from experts in the last 20 years. In highly competitive talent markets, employee engagement is thought to "...improve creativity, efficiency, and bottom-line productivity while lowering hiring and retention costs" (Saks, 2019).

Employee engagement is described as things that are beneficial in terms of doing work with vigour, dedication, and absorption. This sense of engagement is an emotional, psychological, and cognitive state in which a person is focused on achieving organisational goals (Falola et al, 2020; Osborne & Hammoud, 2017). In other words, employee engagement is individual physical and psychological attachment, commitment, and loyalty to one or more lines of work, as well as the individual's positive emotions regarding their work (Bakker & Rickard, 2018, Falola et al 2022). Customer happiness, employee turnover,

employee commitments, and other related dimensions have been found to impact employee engagement, influencing organisational productivity (Falola et al, 2020). However, the tool used to measure employee engagement, which consisted of four indicators: pride in the company, contentment with the employer, organisational commitment, and advocacy, places a greater emphasis on the organisation than on the work itself. This, as Kanik, Ishaq and Mridula (2018) have pointed out, is a key flaw in the conceptualisation of the idea of employee engagement by managers.

Most businesses believe that engaged employees are more willing to take on more responsibilities, are more productive, and have better working relationships. On the other hand, the study's findings were based on the perceptions of human resource managers rather than the employees themselves. Rather than using a proxy, the best way to assess employee engagement is to ask them directly. Employees are the ideal people to express how they feel about their jobs and the companies.

## **Organisational performance**

Organisational performance refers to a company's actual output as compared to its profit goals. The organisational performance comprises a number of tasks that aid in the establishment of a company's goals and the tracking of progress toward those goals. It is used to make changes in order to attain goals at the highest degree of performance (Kehinde, Ogunnaike, Adegbuyi & Ibidunni, 2020). The company's performance has primarily irritated executives and stockholders. However, for any business to prosper, roles and responsibilities must be clearly defined and fulfilled. A company must build strategies centred on the abilities that will increase the company's performance.

Kang and Lee, (2021) defines the firm's performance as the scheme's valued, productive yield in terms of commodities or services. The performance of a company can be separated into three categories:

- ) Monetary performance (profit)
- ) Internal non-monetary performance (performance)
- ) External non-monetary performance (profitability) (e.g., customer gratification)

A variety of metrics are used to assess the firm's performance. The balanced scorecard proposes qualitative and quantitative metrics that recognise the expectations of diverse stakeholders and are tied to performance evaluation in strategy selection (Han, Chong, and Li, 2020). As a result, performance related to both process management and short-term output has improved.

## Methodology

**Research design:** Descriptive survey design that focuses on the phenomenon of interest and provides consistent answers to questions about the measurement variables was adopted for this study. The study is quantitative in nature; thus, survey which is more appropriate was used to test the relationships between strategy formation and firms' productivity (quality service delivery, customers responsiveness, organisational productivity, and employee engagement) was used in this study.

**Population of the study:** The study's target population comprises employees of Divine Essential Formulations Limited, one of the leading pharmaceutical firms in Lagos, Nigeria. Divine Essential Formulations Limited has a total of fifty-five (55) employees across different departments and units. The study used complete census since the population is not large.

**Statistical Analysis:** Structural equation modelling (Partial Least Square) is adopted for the analysis. What informs this choice of statistical analysis tool is because, it will help in depicting graphically the relationships between the variables under consideration in this study.

**Data Collection:** A structured questionnaire will be used to collect primary data from respondents.

The study's goal is to develop relationship models by investigating the interconnections between strategy planning and firm productivity. A structured questionnaire was developed according to the specific research question that the study intends to answer. This was used to collect data from members of staff and management of Divine Essential Formulations Limited, a pharmaceutical firm in Lagos, Nigeria. The questionnaire was sectionised. Section A is dedicated for respondents' sociocultural data while section B is designed to get respondents opinion about strategic planning (strategic positioning, strategy development, strategic execution, strategy evaluation) and productivity (quality service delivery, customers responsiveness, organisational productivity, and employee engagement).

The responses of respondents will be measured using five (5) point Likert scales ranging from 1 to 5. The instrument is designed to be simple to understand and collect each participant's thoughts on the subject. The survey will cover a wide range of topics all linked to strategy formulation and firms' productivity. The elements that constituted the basis of the study instrument design were derived mostly from the efforts of researchers based on a survey of conceptual, theoretical, and empirical literature.

**Techniques for Data Analysis:** The collected data was analysed using Statistical Package for Social Science Software (SPSS 26) and Smart PLS (3.0) in this study. SPSS will be used to code the information gathered. The frequencies and percentages for the discussion of the findings will be generated using SPSS and Smart PLS in this study. The level of significance between strategic planning and business productivity will be tested using inferential statistics, particularly Smart Partial Lease Squared. Meanwhile the validity and reliability of the instrument is depicted in Table 1.

**Table 1: Construct validity and Reliability**

Constructs	Loading	VIF	P value	AVE	Composite Reliability	Cronbach's Alpha
	≥ 0.7	<3.0	<.05	≥0.5	≥ 0.8	> 0.7
<b>Strategic Formulation (SF)</b>				<b>0.663</b>	<b>0.908</b>	<b>0.872</b>
SF1	0.892	2.115	0.000			
SF2	0.785	1.545	0.000			
SF3	0.787	2.111	0.000			
SF4	0.834	1.214	0.000			
SF5	0.768	1.548	0.000			
<b>Quality Service Delivery (QSD)</b>				<b>0.783</b>	<b>0.935</b>	<b>0.907</b>
QSD1	0.867	1.525	0.000			
QSD2	0.892	1.321	0.000			
QSD3	0.886	1.241	0.000			
QSD4	0.894	1.151	0.000			
<b>Customers Responsiveness (CR)</b>				<b>0.576</b>	<b>0.828</b>	<b>0.818</b>
CR1	0.751	2.118	0.000			
CR2	0.771	2.152	0.000			
CR3	0.747	1.589	0.000			
CR4	0.771	1.152	0.000			
CR5	0.756	1.259	0.000			
<b>Organisational Productivity (OP)</b>				<b>0.800</b>	<b>0.952</b>	<b>0.937</b>
OP1	0.912	2.515	0.000			
OP2	0.886	2.143	0.000			
OP3	0.884	1.521	0.000			
OP4	0.930	1.263	0.000			
OP5	0.858	1.258	0.000			
<b>Employee Engagement (EE)</b>				<b>0.763</b>	<b>0.951</b>	<b>0.937</b>
EE1	0.826	1.200	0.000			
EE2	0.900	1.236	0.000			
EE3	0.843	2.447	0.000			
EE4	0.890	2.942	0.000			
EE5	0.864	1.422	0.000			
EE6	0.912	1.657	0.000			

Table 1 shows the factor loadings of all the measurement items for strategy formulation and the firm's productivity (quality service delivery, customer responsiveness, organisational productivity, and employee engagement). Additionally, the instrument's validity and reliability were evaluated using Cronbach Alpha, average variance extracted (AVE), and composite

reliability. In the meantime, the criteria for factor loading, composite reliability, AVE, and Cronbach Alpha were satisfied. Construct validity in the study also took into account convergent and discriminant validity. Convergent validity is proof that strategy formulation and business productivity are related.

**Discriminant Validity:** All of the factor loadings are above the recommended threshold of 0.70. To evaluate the discriminant validity, the heterotrait-monotrait (HTMT) ratio of correlations method was employed. All of the HTMT values were discovered to be significantly different from 1 and the upper confidence intervals are below the one

value. Additionally, the analysis's findings indicate that every value is below the HTMT 0.85 critical value. In addition, the average correlation between heterotraits and heteromethods is lower than the correlation between monotraits and heteromethods. The discriminant validity is established as depicted in Table 2

**Table 2 Heterotrait-monotrait discriminant**

	CR	EE	OP	QSR	SF
CR	0.807 [0.701; 0.868]				
EE	0.722 [0.655; 0.834]	0.778 [0.623; 0.810]			
OP	0.676 [0.596; 0.754]	0.670 [0.556; 0.742]	0.686 [0.570; 0.759]		
QSR	0.779 [0.664; 0.852]	0.655 [0.517; 0.751]	0.787 [0.675; 0.856]	0.776 [0.624; 0.811]	
SF					

The correlations' heterotrait-monotrait (HTMT) ratio was utilised to evaluate the discriminant validity. All of the HTMT values were discovered to be significantly different from 1, and the upper confidence intervals are below the one value. The analysis also indicates that every number is below the HTMT 0.85 crucial value. In addition, the average correlation between heterotraits and heteromethods is lower than the correlation between monotraits and heteromethods. The discriminant validity is established as a result. Table 4.21 shows the heterotrait-monotrait discriminant value.

While a VIF score of one shows a total lack of collinearity, the majority of researchers suggest a VIF value of 10 as the cutoff. Other researchers argued for a 2.5-to-5-point limit, which is more conservative (James et al., 2017; Kock, 2015). According to Table 4.112, all VIF values for each item in each variable measurement are far below the cautious threshold of 5.

The variance inflation factor (IVF) was also employed to assess common method bias (CMB).

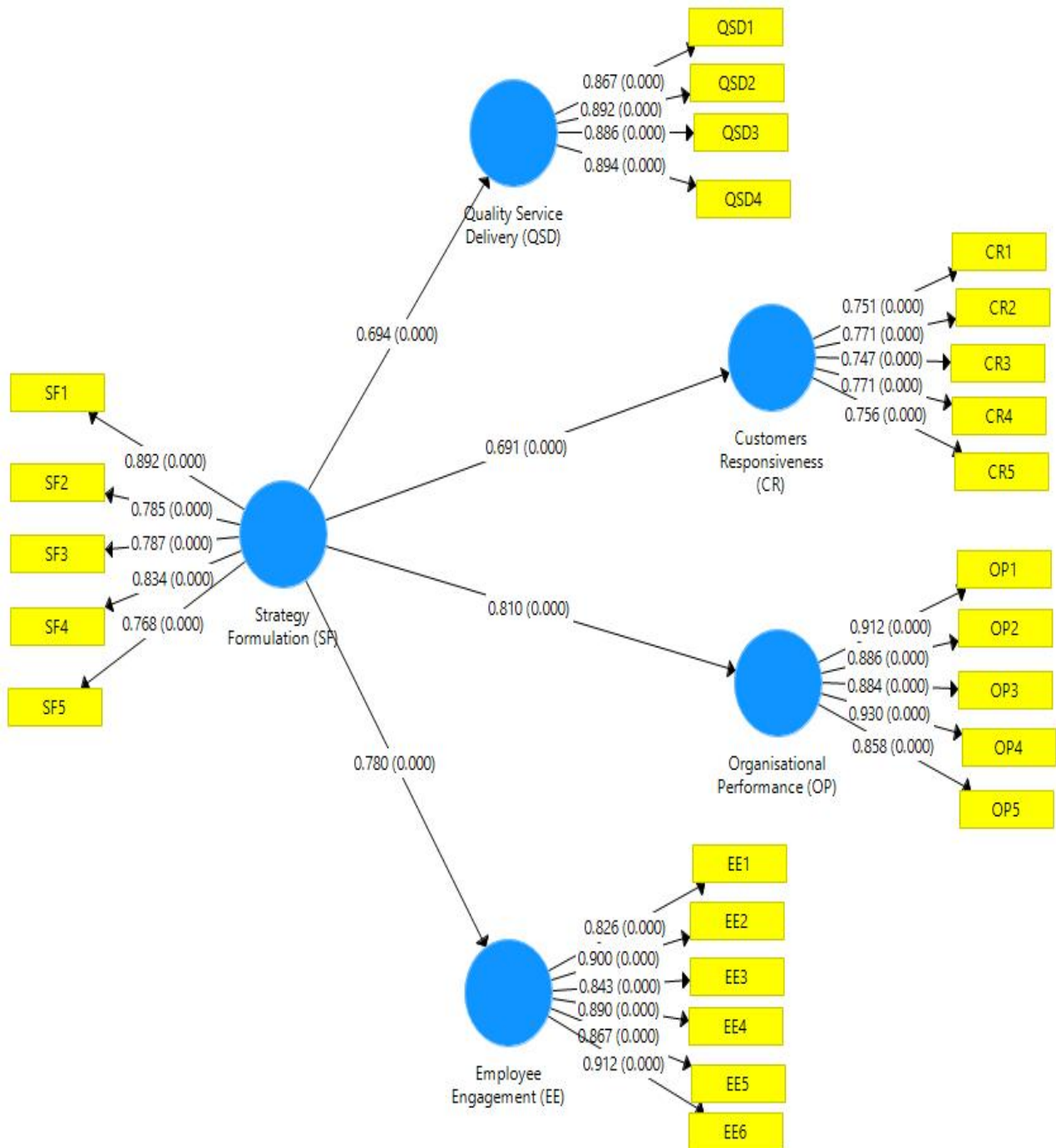
**Common Method Bias:** To eliminate common method bias, the variance inflation factor (VIF) was implemented. The results showed that every VIF value is less than 3.3. This shows that the study is free of common method bias.



**Results**

The study examined the relationship between strategy formulation and firm productivity (quality service delivery, customer responsiveness, organisational productivity, and employee engagement). The data were interpreted using path coefficients, t-statistics, R-square

values, and p-values. The path coefficient establishes the direction and strength of the correlation between the measured variables, as seen in Figure 1. On the other hand, the amount of variation in the firm's productivity that can be accounted for by strategy formulation is determined by the R-squared.



**Figure 1: Strategy formulation and firm's productivity (quality service delivery, customers responsiveness, organisational productivity, and employee engagement) model**

Figure 1 shows the PLS algorithm model of strategy formulation and the firm's productivity (quality service delivery, customer responsiveness, organisational productivity, and employee engagement) with the loading values of each item of measurement of the constructs. The PLS Bootstrapping Model with and P-coefficient of the value of strategy formulation and firm's productivity (quality service delivery,

customer responsiveness, organisational productivity, and employee engagement). The p-value, which determines the amount of likelihood, is shown in Figure 1. At a p-value of 0.05, all the values of strategy formulation and firm's productivity (quality service delivery, customer responsiveness, organisational productivity, and employee engagement) measurements obtained in the research instrument are significant.

**Table 3 Coefficient value**

	Variables	Path Co-efficient	SE	T-Statistics	P Values	R <sup>2</sup>	F <sup>2</sup>	Q <sup>2</sup>	Decision
H <sub>01</sub>	SF →CR	0.691	0.086	8.039	0.000	0.478	0.915	0.468	Significant
H <sub>01</sub>	SF →EE	0.780	0.104	7.476	0.000	0.608	1.553	0.601	Significant
H <sub>01</sub>	SF →OP	0.810	0.066	12.297	0.000	0.656	1.906	0.649	Significant
H <sub>01</sub>	SF →QSD	0.694	0.099	7.041	0.000	0.482	0.930	0.472	Significant

Table 3 depicts the smart partial least squared statistical results of hypothesis two, which focused on the relationship between strategy formulation and a firm's productivity (customers responsiveness, employee engagement, organisational productivity, and quality service delivery). The findings show that strategy formulation significantly affects customer responsiveness, employee engagement, organisational productivity, and quality service delivery. Specifically, the findings revealed that strategy formulation has significant influence on customers responsiveness at ( $\beta = 0.691$ ,  $R^2=0.478$ ,  $t$ -statistics= $8.039 > 1.96$ ,  $P$ -value = $0.000 < 0.05$ ). The Path coefficient of 0.691 implies a substantial degree of relationship between strategy formulation and customer responsiveness. The  $R^2$  value of 0.478 indicates that a 47.8% variance in customer responsiveness can be explained by strategy formulation.

It was also discovered that strategy formulation has significant influence on employee engagement at ( $\beta = 0.780$ ,  $R^2=0.608$ ,  $t$ -

statistics= $7.476 > 1.96$ ,  $P$ -value = $0.000 < 0.05$ ). The Path coefficient of 0.780 suggests a strong relationship between strategy formulation and employee engagement. The  $R^2$  value of 0.608 suggests that a 60.8% variance in employee engagement can be explained by strategy formulation. The findings also revealed that strategy formulation has significant influence on organisational productivity at ( $\beta = 0.810$ ,  $R^2=0.656$ ,  $t$ -statistics= $12.297 > 1.96$ ,  $P$ -value = $0.000 < 0.05$ ). The Path coefficient of 0.753 implies a substantial degree of relationship between strategy formulation and organisational productivity. The  $R^2$  value of 0.656 indicates that a 65.6% variance in organisational productivity can be explained by strategy formulation.

It was also discovered that strategy formulation has significant influence on quality service delivery at ( $\beta = 0.694$ ,  $R^2=0.482$ ,  $t$ -statistics= $7.041 > 1.96$ ,  $P$ -value = $0.000 < 0.05$ ). The Path coefficient of 0.694 suggests a considerable relationship between strategy formulation and quality service delivery.

The  $R^2$  value of 0.482 suggests that a 48.2% variance in quality service delivery can be explained by strategy formulation. Further to the statistical analysis presented in Table 4.23, it was discovered that organisational productivity has the most predictive value, followed by employee engagement, quality service delivery and customer responsiveness, respectively.

## **Discussions**

The study examined the influence of strategy formulation on a firm's productivity (quality service delivery, customer responsiveness, organisational productivity, and employee engagement). The findings show that strategy formulation has an appreciable relationship with quality service delivery, customer responsiveness, organisational productivity, and employee engagement.

This implies that the ability of the firms to have a clear and well-defined mission statement and constantly update the mission statement when necessary, could foster prompt services to the customers, promptly respond to our customers' requests and be committed to managing customers' expectations. Also, if plans are developed by evaluating the quality of internal operations of the firms, and the management team uses strategic customer research to identify opportunities and threats facing the organisation, it could enhance quality service delivery, customer responsiveness, organisational productivity, and employee engagement. Affective, behavioural and cognitive engagement of employees is a function of the strategic formulation of the firms. According to Burugo and Owour (2017), this finding validates the submission. They posited that developing competitive strategies is aided by a clear mission statement combined with a situational analysis method. This suggests that a clear mission statement is critical to the productivity of the firms. Thus, a firm's productivity allows for the identification of areas for improvement and the tracking of the company's development to identify its strengths and weaknesses of the firm. The findings also corroborate similar findings by

Alzaydi, Al-Hajla, Nguyen, and Jayawardhena (2018). They found out that the firm's mission statement contributes significantly to its overall productivity. The finding is also similar to Kumar and Singh (2017). They noted that customers expect a more incredible response to an ever-changing set of standards and a new competitive environment that plunges most companies into international competition, creating new conditions that pose challenges for most industries. The productivity is also attributed to customer happiness, employee turnover, employee commitments, and other related dimensions that have been found to impact employee engagement, influencing organisational productivity as discovered by Falola et al. (2020).

## **Conclusion and implications**

This study concluded that the advancement of Divine Essential Formulations is greatly facilitated by its clear and well-defined mission statement, mission statement update, regular evaluation of the effectiveness of internal operations, and implementation of strategic customer research to discover opportunities and threats. Therefore, continuously updating the mission statement could enhance quality service delivery, customer responsiveness, organisational productivity, and employee engagement.

Strategy formulation in terms of a clear and well-defined mission statement, mission statement updates, regular evaluation of internal operations quality, and the use of strategic customer research to identify opportunities and threats all contribute significantly to the improvement of Divine Essential Formulations Limited quality service delivery, customer responsiveness, organisational productivity, and employee engagement. Efforts should be made by the management of Divine Essential Formulations Limited to regularly update their mission statement, regular appraisal of internal operations quality in line with the current happenings in the business environment, timely identification of opportunities and threats to foster quality service delivery, customers responsiveness, organisational productivity, and employee engagement.

## References

- Adeleke, B. S., Onodugo, V. A., Akintimehin, O. O., & Ike, R. N. (2019). Effect of forward integration strategy on organizational growth: Evidence from selected insurance and banking organizations in Nigeria. *Academy of Strategic Management Journal*, 18(2), 1-10.
- Agbazue, D. M., & Nwobi, F. O. (2020). Interrogating effectiveness of strategic management in selected public sector organisations in Anambra state Nigeria. *Journal of Social Development*, 9(1), 65-86.
- Ahmed, A. S., & Mukhongo, A. (2017). Role of strategic management practices in the organisational performance of customs department in Mogadishu, Somalia. *Imperial Journal of Interdisciplinary Research*, 3(9), 1201-1211
- Alzaydi, Z.M., Al-Hajla, A., Nguyen, B. and Jayawardhena, C. (2018). A review of service quality and service delivery: Towards a customer co-production and customer-integration approach. *Business Process Management Journal*, 24(1), 295-328.
- Areiqat, A., Mahrakani, N., Zamil, A., & Abu-Rumman, A. (2019). The role of strategies for promoting relations between banks and customers and their impact on customer retention and the market share of Jordanian commercial banks. *Academy of Accounting and Financial Studies Journal*, 23(5), 1-10.
- Burugo, V. M., & Owour, D. (2017). Influence of strategic management practices on business profitability in Kenya: A case study of Chai trading company limited. *Imperial Journal of Interdisciplinary Research*, 3(9), 923-947.
- Chang, C. H. (2018). How to enhance green service and green product innovation performance? The roles of inward and outward capabilities. *Corporate Social Responsibility and Environmental Management*, 25(4), 411-425.
- Collis, D. J., & Anand, B. N. (2019). The limitations of dynamic capabilities. *Harvard Business School Working Papers*. 1-28.
- David, M. E., David, F. R., & David, F. R. (2017). The quantitative strategic planning matrix: A new marketing tool. *Journal of Strategic Marketing*, 25(4), 342-352.
- Dowsett, L. (2020). Global company rankings and strategic planning: Australian institutional performance case study. *Journal of higher education policy and management*, 2(2), 1-10.
- Falola, H.O.; Salau, O.P.; Igbinoba, E.E. & Ogueyungbo, O.O. (2022). Exploring the influence of talent resourcing strategies on faculty engagement outcomes in Nigerian universities. *Ilorin Journal of Human Resource Management*. 6(1), 10-21.
- Falola, H.O., Ogueyungbo, O. O and Ojebola, O. O (2020). Workplace management initiatives and talent engagement in the Nigerian pharmaceutical industry. *F1000Research*, 9(699), 1-12.
- Fransiskus Z. M., Deidhae, M. & Hardyanto, W. (2021). Analysis of school strategic planning practices. *International Journal of Research and Review*. 8(8), 106-115. environment. Available at SSRN 3192207.
- Gagne, M. (2018). From strategy to action: Transforming organizational goals into organizational behaviour. *International Journal of Management Reviews*, 20, 83-104.
- Han, Y., Chong, W. K., & Li, D. (2020). A systematic literature review of the capabilities and performance metrics of supply chain resilience. *International Journal of Production Research*, 58(15), 4541-4566.
- Jafar, F. (2017). Impact of strategic planning on crisis management: An applied study on public institutions in Jerusalem suburbs. *Human Sciences Journal*, 21(1), 293-324
- Kang, E., & Lee, H. (2021). Employee compensation strategy as a sustainable competitive advantage for HR education practitioners. *Sustainability*, 13(3), 1049.

- Kanik, G., Ishaq, A.D., Mridula, M. (2018). Job Satisfaction and Work Engagement: A study using private sector bank managers. *Advances in Developing Human Resources*, 20(1), 58-71.
- Kehinde, B.E., Ogunnaike, O.O I., Adegbuyi, O.A. and Ibidunni, A.S. (2020) Analysis of inventory management practices for optimal economic performance using AbC and EOQ models. *International Journal of Management*. 11(7), 835-848
- Kinemo, S.M., (2020). Strategic Plan as a Tool for Performance Management in the Tanzanian Public Sector, *Journal of Human Resource Management*. 8(3), 146-151.
- Kumar, U., Butt, I., & Kumar, V. (2018). The impact of strategic orientations on development of manufacturing strategy and firm's performance. *International Journal of Technology Management*, 77(4), 187-209.
- Luce, I. (2018). Sustainable strategic planning principles of colleges. In Proceedings of the Economic Science for Rural Development Conference Proceedings, Riga, Latvia. 47(1), 183–188.
- Majama, N.S. & Magang, T.I.T. (2017). Strategic planning in Small and Medium Enterprises (SMEs): A case study of Botswana SMEs. *Journal of Management and Strategy*, 8(1), 74-103.
- Makanga, R.O. & Paul, S.N. (2017). Influence of strategic management practices on performance of Kenya power and lighting company ltd, Nairobi County, Kenya. *The Strategic Journal of Business & Change Management*, 4(4), 289-306.
- Maisarah, N., Kee, D. M. H., Syakirah, N., Hanif, M. A., Bella, A., Pandey, R., . . . Quttainah, M. A. (2020). Customer satisfaction towards service quality: A study of Malindo Air. *International Journal of Tourism and Hospitality in Asia Pasific*, 3(3),40–51.
- Makanga, R. O., & Paul, S. N. (2017). Influence of strategic management practices on performance of Kenya power and lighting company ltd, Nairobi County, Kenya. *The Strategic Journal of Business and Change Management*, 4(4), 289-306.
- Nwachukwu, C., Chládková, H., & Fadeyi, O. (2018). Strategy formulation process and innovation performance nexus. *International Journal for Quality Research*, 12(1), 22-49.
- Ogbeiwi, O. (2018). General concepts of goals and goal setting in healthcare: A narrative review. *Journal of Management & Organization*, 8(3) 1-18.
- Olusanya, S., Olumuyiwa, A., Adelaja, S., & Chukwuemeka, O. E. (2012). Effective planning and organizational performance. (A Case Study of Sterling Bank Nigeria Plc). *Journal of Humanities and Social Science*, 5, 31-39.
- Osborne, S., Hammoud, M.S. (2017). Effective employee engagement in the workplace. *International Journal of Applied Management and Technology*, 16(1), 50–67.
- Pakurár, M., Haddad, H., Nagy, J., Popp, J., & Oláh, J. (2019). The service quality dimensions that affect customer satisfaction in the Jordanian banking sector. *Sustainability*, 11(4), 1-24.
- Poister, T. H., Edwards, H. L., Pasha, O. Q., & Edwards, J. (2013). Strategy Formulation and Performance: Evidence from Local Public Transit Agencies. *Public Performance & Management Review*, 36(4), 585-615.
- Ramya, N., Kowsalya, A., & Dharanipriya, K. (2019). Service quality and its dimensions. *International Journal of Research and Development*, 4(2), 38-41.
- Rodriguez, R., Svensson, G., & Eriksson, D. (2018). Organizational positioning and planning of sustainability initiatives. *International Journal of Public Sector Management*, 31(7), 755-774.
- Saks, A. M. (2019). Antecedents and consequences of employee engagement revisited. *Journal of Organizational Effectiveness: People and Performance*
- Sallah, C. A., & Caesar, L. D. (2020). Intangible resources and the growth of women businesses: empirical evidence from an

- emerging market economy. *Journal of Entrepreneurship Emerging Economies*, 10(1), 70-78.
- Shao, J. (2019). *An assessment of customer satisfaction on organisations service delivery: a case study of CMTL Group Limited* (Doctoral dissertation, Mzumbe University).
- Taiwo, A. A., Lawal, F. A., & Agwu, M. E. (2016). Vision and mission in organization: Myth or heuristic device? *The International Journal of Business & Management*, 4(3), 127-134.
- Towbin, A. J. (2018). Customer service in radiology: satisfying your patients and referrers. *Radio Graphics*, 38(6), 1872-1887.
- Vencataya, L., Pudaruth, S., Juwaheer, R. T., Dirpal, G., & Sumodhee, N. M. Z. (2019). Assessing the impact of service quality dimensions on customer satisfaction in commercial banks of Mauritius. *Studies in Business and Economics*, 14(1), 259–270.
- Wheelen, T. L., Hunger, J. D., Hoffman, A. N., & Bamford, C. E. (2017). *Strategic management and business policy*. (13<sup>th</sup> ed.). Boston, US: Pearson Publishers.
- Wilden, R., & Gudergan, S. (2017). Service-dominant orientation, dynamic capabilities and firm's performance. *Journal of Service Theory and Practice*, 27(4), 808-832.

Access this Article in Online	
	Website: <a href="http://www.ijarm.com">www.ijarm.com</a>
	Subject: Management
Quick Response Code	
DOI: <a href="https://doi.org/10.22192/ijamr.2023.10.01.014">10.22192/ijamr.2023.10.01.014</a>	

How to cite this article:

Emmanuel Tyohemba AGBA, Omokide Sherifat ALIU, Gusam zachariah NUHU. (2023). Exploring the relationship between strategic formulation and pharmaceutical firms' productivity in Nigeria. *Int. J. Adv. Multidiscip. Res.* 10(1): 163-176.  
DOI: <http://dx.doi.org/10.22192/ijamr.2023.10.01.014>