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A LOOK AT PERFORMANCE MEASUREMENT PRACTICES: A CASE OF A PHARMACEUTICAL COMPANY IN THE CZECH REPUBLIC

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Abstract

Actual business performance measurement practice is a process of using standards to measure the progress of business activities. These standards are derived from business goals and they represent the operational objectives translated from business strategy. Measuring performance under this concept is to compare the actual results with the firm's given objectives. Since there is no consensus on an established theoretical standard on business performance measurement there is a need to investigate what is the current performance measurement practices from the business perspective. To fill this gap, I used a case study methodology to explore how performance is measured in practice in a particular pharmaceutical company operating in the Czech Republic. The findings from this case study indicate that the Company does not rely on only a single measure in assessing performance, but rather performance is measured with a balanced set of objectives from its mission & vision statement.

Keywords: Performance measurement, pharmaceutical industry, stakeholder interests,

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1 Introduction

Business performance measurement, according to theory and practice is concerned with how strategy is translated into work throughout the organizational structures and operations. In this regard, an organization requires not only reliable and valid measurements, but it also requires a standard in which the performance of a firm is measured or evaluated to ascertain if it is progressing or not (Choong & Islam, 2020). Performance in general is considered as the accomplishment of a given task measured against known standards. In practice, therefore, performance measurement and management is the process of translating strategy into objectives or goals, using standards to measure progress and rewarding performance (Choong & Islam, 2020). For a firm, performance is the achievement of its objectives. There are two main schools of thought defining the objective of the firm, shareholder theory, and stakeholder theory. According to the shareholder theory, the objective of the firm is to maximize shareholder wealth. Maximizing shareholder wealth is maximizing the firm's equity. Therefore, long-run profit-maximizing is one objective mission of the firm. The other is the stakeholder theory which asserts that the firm aims to satisfy the stakeholders of the firm.

Performance is a very dynamic and used concept with multiple facets and dimensions. It has been analyzed from different perspectives and theories, mainly from resourced-base theory, shareholder theory (Tse, 2011) and, stakeholder theory perspective (Donaldson & Preston, 1995)

There is no consensus on an established theoretical standard on business performance measurement. Different performance measures, ranging from financial to nonfinancial, from accounting to market-based measures, a dozen frameworks each specializing in some aspect of performance dimension. In light of these diverse approaches, there is a need to investigate what is the current performance measurement practices from the business perspective. To fill this gap, I used a case study methodology to explore how performance is measured in practice in a particular pharmaceutical company operating in the Czech Republic.

The main objective of this paper, therefore, is to investigate what are the current business performance measurement and management practices of firms operating in the same industry in the Czech Republic. Since this is an exploratory study, I begin my investigation using the methodology of a case study. It is the first part of the research to study the performance measurement and management practices of a cross-section of pharmaceutical companies operating in the Czech Republic.

The choice of the pharmaceutical industry is driven by the curiosity of the author to the unique features of this industry. Pharmaceutical companies operating in the Czech Republic are subjected to very strict and complex regulatory environments encompassing every aspect of the business from pricing, packing, advertising, clinical trials to competition, and hence they differ significantly from other non-pharmaceutical manufacturing companies. The industry is characterized by intensive Research and Development activities, the uncertainty of product development process, intellectual property protection, and lack of reported performance measurements (Shabaninejad, Mirsalehian, & Mehralian, Winter, 2014). Another feature of the industry is that the pharma business has a complex web of stakeholder interests to deal with.

The mission statements of pharmaceutical companies almost always capture the philosophy of satisfying the needs of its stakeholders. Below are some extracts from annual reports:

1.1 Extract from Annual Reports

a) J&J 2018 annual report:

- *When we assess performance, we review not only what results were achieved but also how they were achieved and whether they were achieved consistent with the values embodied in our credo.*

The credo of J&J is: *We believe our first responsibility is to our patients. We are responsible to our employees. We are responsible to the communities in which we live and work and to the world community as well. Our final responsibility is to our stockholders. Business must make a sound profit.*

b) Following is another pharma CEO's assessment of performance in its 2017 annual report:

- *We began our journey with a commitment. A commitment to all stakeholders to build an innovation-driven biopharmaceutical company capable of achieving sustainable top-tier performance with a consistent stream of innovative new medicines. Our performance since inception has been nothing short of remarkable with a consistent record of revenues and earnings growth…*

The mission statement is: *Create an innovation-driven, patient-focused biopharmaceutical company capable of achieving sustainable top-tier performance through outstanding execution and a consistent stream of innovative new medicines.*

Careful analysis of other annual reports of the big 10 global pharma companies reveals that the CEO of all these big pharma companies assesses performance in terms of achieving the company's objectives of delivering value to its stakeholders.

The objectives are always embedded in mission statements and these missions are the bases upon which these companies assess their performance. The missions almost identify the stakeholders of the company and it is these stakeholders' interests that serve as their business objectives. A commitment to better relations with the primary stakeholders, like shareholders, customers, employees, communities could lead to increased financial returns by helping firms develop intangible assets which can serve as a source of competitive advantage (Hill & Keim, 2001). The primary stakeholders are those stakeholders who bear some form of risk in a firm as a result of having invested some form of capital, human or financial. These are the stakeholders without whom the firm cannot survive (Clarkson, 1995)

Since the pharmaceutical industry is unique and differs significantly from other non-pharmaceutical manufacturing companies, analysis and understanding of performance management and measurements in this industry will differ in many respects.

The paper is structured as follows. The introduction is followed by a section on the Pharmaceutical industry, outlining the unique features of the industry. Section 3 contains the theoretical framework with an emphasis on the Stakeholder theory. The methodology of the Case study is then presented followed by findings and conclusion.

2 The pharmaceutical industry

The pharmaceutical industry in many countries, including the Czech Republic, is made up of a two-tier structure. The first tier is made up of the large research-based organizations that operate in several therapeutic areas in the global market for patent prescription drugs. These companies research, develop, manufacture and market medicinal and biological products. They are foreign capital owned and include companies like Pfizer, GlaxoSmithKline, J&J, Amgen, Novartis, AbbVie, and others. The second tier includes smaller companies that generally operate on a national scale or international and often sell patent generic or over-the-counter drugs. Such companies include Sun Pharmaceuticals, Mylan Sandoz, and Teva Pharmaceutical among others.

The products sold in the pharmaceutical industry are prescription drugs and over-the-counter drugs. These drugs are sold in the form of capsules, tablets, ampoules, vials, or solutions for injections.

The pharma industry is unique and differs significantly from other manufacturing industries like the automobile or computer industry. The features that differentiate this industry from other industries are:

- intense Research & Development,
- Price regulations,
- form of customers,
- types of products and intense competition.

2.1 Research & Development

The pharmaceutical industry is a research-intensive industry dependent on the introduction of new drugs. New products or indications are the results of technological innovations in the discovery and production of drugs. The development of a new compound is inherently risky because of the capital-intensive investments and long lead time requirements. A product can only be marketed after approval by the regulatory authorities. To be approved, the drug must be successful in clinical trials. Clinical trials establish the safety and efficacy of a pharmaceutical product. The clinical trial is conducted in three sequential series. The approval and requirement process vary from country to country. In the EU, pharmaceutical products are approved by the European Medicines Agency (EMA) and in the USA it, is the FDA (IBISWorld, December 2013)

The design of a biotech company differs from that of other high-tech companies, such as computers, software, and other semiconductors. The typical high-tech company involves university-spawned start-ups that focus on the specific R&D value chain, the role of venture capital and equity market funds, and a know-how market. However, when it comes to R&D, the biotech differs significantly in three ways (Pisano, 2006):

- The profound and persistent uncertainty emanating from the limited knowledge of the human biology system makes drug R&D highly risky.

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- The process of drug R&D cannot be broken down into precise pieces since the disciplines involved must work together in an integrated manner
- Much of the knowledge in biopharmaceutical is intuitive which makes harnessing collective knowledge problematic.

An integral part of the pharmaceutical industry is patent protection and intellectual property rights. In many countries, patent protection is for 20 years after the first date of filling. Since the development process of a new drug usually takes time, the average time between the product launch and patent expiration is usually between three and fourteen years.

2.2 Price regulations

Governments play a significant role in the funding, pricing, and reimbursement of pharmaceutical drugs in numerous worldwide markets. In many countries, governments institute price controls to curb the rising healthcare bill. Governments regulate prices for prescription medicines to influence the cost of healthcare. The use of international reference pricing as a price regulatory tool is common among OECD countries. This pricing constraints restrict profitability. The rising cost pressure on healthcare and patent expiration has heightened the trend towards generic substitution. These generic drugs sell for a much lower price than the average selling price of the original brand, in some cases as much as 85 – 98 percent lower than the brand name price (IBISWorld, December 2013)

All pharmaceutical products in the Czech Republic, except for non-prescription drugs, are subject to price controls. Prices of pharmaceutical drugs are regulated by Act 48/1997. The extent of the regulation depends on whether the product is reimbursed or not. Non-prescription drugs are not reimbursed and therefore not subjected to price controls. The price controls for the prescription drugs occur on two levels, the maximum selling price from the manufacturer and the public or pharmacy price. The amount of the reimbursement is derived from the public price and the level of the public price depends on the manufacturer's selling price to the distribution outlet. The amount reimbursed is the amount paid from the insurance fund. The difference between the public price and the reimbursed amount is a co-payment. It is common to have zero co-payment in the Czech Republic. The ex-factory price or manufacturer's price is regulated according to international reference pricing rules. This price is set as an average of the three lowest prices from a basket of EU reference prices (Act 48/1997 on Public Health Insurance).

Price reimbursement. Determination of the reimbursement price depends on the type of product and are therefore classified into therapeutic groups. Medicinal products which are mutually interchangeable are group into a cluster, also known as a Jumbo group. A reference indication and an Average Daily Dose (ADD) are set for this cluster. The lowest price per ADD in the EU is used as the base for calculating the reimbursement irrespective of patent protection. Hence expensive patent-protected drugs will attract a co-payment (Skoupá, 2017).

If, however, the product is not included in a Jumbo group, then the ADD is calculated using external reference pricing for this substance. The manufacturer in this case needs to apply for reimbursement and submit a dossier with clinical data about safety and efficacy, and economic data detailing cost-effectiveness and budget impact. The Czech Health Economic society guidelines set limits to cost-effectiveness and budget impact. The budget impact is limited to a maximum of 48million CZK depending on the level of unmet need (Skoupá, 2017)

Highly innovative drugs with limited clinical data, a temporary reimbursement can be negotiated for 3 years.

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2.3 Who are the customers?

The unique nature of the pharmaceutical industry is such that a pharmaceutical company is not able to directly interact with its end-user customers, patients in this case. The reasons are due to governmental rules and the very complex structure of the healthcare system which separates the pharmaceutical industry from patients through several intermediaries in the supply chain. Such intermediaries include but are not limited to wholesalers, pharmacies, hospitals, and physicians. Therefore unlike a typical manufacturing company like VW automobile group, a pharmaceutical company is not able to interact with its customers-patients of its products to use this interaction to optimize customer relation (Puschmann & Alt, 2001)

Healthcare in the Czech Republic is provided by the social health insurance system representing about 84% of public expenditure. The largest health insurance fund is VZP (Vseobecna Zdravotni Pojistovna). VZP covers about 60% of the population and the remaining population is covered by smaller health insurance companies. Pharmaceutical companies face a challenging business environment as a result of price controls and cost-containment policies. The total pharmaceutical industry in the Czech Republic was valued at 55 billion CZK in 2017. The total market sales are expected to grow at a compound annual rate of 2.1% between 2016 and 2021 reaching a total market value of 59 billion CZK in 2021 (Reports, Nov. 2012)

Depending on the market, pharmaceutical products can be sold directly to wholesalers, distributors, government agencies, health care facilities, and independent retailers. Pharmaceutical products are subjected to a variety of laws and regulations in various countries. These laws and regulations regulate drug approval, pricing, packaging, labeling, testing, safety, and efficacy. There are significant barriers to entry in this industry. These barriers include industry competition, capital intensity, technology change, and government regulatory policies.

Pharmaceutical products in the Czech Republic are distributed by five main wholesalers accounting for about 95% of the distribution channel. The distributors are Phoenix, Alliance Healthcare, Pharmos, Promedica, and ViaPharma.

2.4 Products and intense competition

The State Institute for Drug Control (SUKL) is responsible for regulating the pharmaceutical industry. There are three branches in this institute, namely, the Division branch, the authorization branch, and the price and reimbursement branch. The legal framework is provided by Act no. 378/2007, the Act on pharmaceuticals. Since joining the EU, the Czech Republic follows the EU regulations on drug approval. EMA is responsible for the scientific evaluation of the safety, efficacy, and quality of a new pharmaceutical product. The EU adopted legislation and regulations which provide mandatory standards throughout the EU and permits member states to supplement these standards with additional regulations. A pharmaceutical product can be marketed in the EU after one of the following three conditions are met.

a. Authorization is granted by the EU via the centralized procedure.
b. A marketing authorization has been granted by a competent authority of a member state for its territory.
c. An authorization has been granted through a decentralized procedure.

Management executives are always in search of innovative approaches to the management of corporate resources to better track, monitor, and improve the different aspects of business performance.

3 The Stakeholder Theory

The stakeholder theory is intended to guide and explain the structure and operations of the established corporation. It, therefore, views the corporation as an organizational entity through which

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numerous and diverse participants accomplish multiply and not always congruent purposes (Donaldson & Preston, 1995). This theory can be traced to Freeman's landmark book, Strategic Management: A stakeholder approach (1984). Freeman made a persuasive case that systematic managerial attention to stakeholder interests is critical to the success of the firm. Stakeholders according to Freeman (1984) are "any group or individual who can affect or is affected by the achievement of the organization's objectives". Freeman includes "suppliers, customers, employees, stockholders, and management in its role as an agent for these groups".

Even though much of the central theme was introduced by Freeman, the conceptual framework was framed by Donaldson and Preston (1995) and paved the way for empirical research. Their work classified the theory into three types of uses; Descriptive/Empirical, Instrumental, and Normative.

The normative view is that stakeholder interests have an intrinsic value. Certain claims of stakeholders are based on fundamental moral principles and a firm cannot ignore these claims simply because honoring them does not serve the firm's strategic interest. Therefore, stakeholder interests are thought to be the foundation of corporate strategy, representing "what we are" and "what we stand for" as a company (Wicks, Kotha, & Jones, 2015)

From a practical perspective, the instrumental benefit of stakeholder management results only from a genuine commitment to ethical principles. Jones (Jones, 1995) argued that firms that create and sustain stakeholder relations based on mutual trust and cooperation will have a competitive advantage over those that do not. Thus, to reap the benefits of stakeholder management, a firm must be committed to an ethical relationship with stakeholders regardless of the expected benefits (Wicks, Kotha, & Jones, 2015).

The use of the stakeholder satisfaction approach in measuring business performance has been adopted in earlier works (Clarkson, 1995; Kaplan & Norton, 1992; Richard et al., 2009; Venkatraman and Ramanujan, 1986)

The stakeholders of a company can have different motivations and needs that require different measurement needs. Therefore, the firm's management engages in an active trade-off of stakeholder interests (Clarkson, 1995; Donaldson and Preston, 1995; Mitchell, Agle, and Wood, 1997). Stakeholders identified in the annual reports of selected pharmaceutical companies as stated above are; shareholders, patients, employees, government, and society.

Financial performance is a way to satisfy shareholders (Chakravarthy, 1986) and can be represented by profitability, growth, and market value (Venkatraman and Ramanujam, 1986). These three measures are inter-related. Profitability measures are past ability to generate returns (Glick et al. 2005), growth measures the ability to increase in size. Increasing in size can increase profits and cashflows and leads to economies of scale and market power. The market value represents external assessment and expectation of future profit.

Customers, in this case, patients and payers' satisfaction is another aspect to consider. Customers want quality and efficient medicines and services that meet their expectations (Fornnel et al. 1996). To satisfy this need, companies must improve perceived quality, avoid defects, and create value-added. Customer satisfaction increases the willingness to pay and thus increases the value created by the company (Barney and Clark, 2007).

Employee satisfaction is related to human resource practices. Employees value training, career plans, good bonus policy, defined job description, and other job-related benefits (Harter, Schmidt, and Hayes, 2002). According to Chakravarthy (1986), employee satisfaction translates into lower turnover rates and attraction and retention of quality employees. Empirical evidence shows that employee management practices can affect financial performance (Huselid, 1995; Pfeffer, 1994). Huslid (1995) explicitly positions human resources as a valuable source of competitive advantage.

Other stakeholders, like government and communities, are also affected by the firm's actions, especially the social and environmental practices. Therefore, social and environmental performances can be considered a way to satisfy these communities (Chakravarthy, 1986). Activities associated with the satisfaction of these stakeholders include, but not limited to, ethical advertising, increased safety,

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and product quality, safe environmental practices, diversity, and development of social projects (Johnson and Greening, 1999; Waddock and Graves, 1997).

In recent empirical research of the impact of overall corporate social responsibility performance as well as the performance of five unique aspects of CSR such as shareholders, employees, customers and suppliers, environmental practices, and society to gauge the impact of these individual dimensions on the firm's financial performance of Chinese pharmaceutical companies, the authors, Minghui et. al., (2019), examined data of 125 Chinese pharmaceutical companies between 2010-2016. Their investigation reveals a positive and significant influence of CSR on a firm's financial performance. The research call for Chinese pharmaceutical companies to further optimize each aspect of the CSR as it can only create a favourable brand image and sustainable financial performance (Yang, Bento, & Akbar, 2019)

Therefore, the stakeholder theory concept of firm performance based on satisfying the interests of stakeholders translates to higher business performance.

4 Methodology

The first part of this research is a case study. The overall aim is to investigate the performance measurement and management practices of firms operating in the pharmaceutical industry in the Czech Republic. This case study was conducted in one pharmaceutical company operating in the Czech Republic. For anonymity, I shall refer to this company as The Company. This method of gathering information was selected as the aim was to explore the performance measurement practices of a unique industry, the pharmaceutical industry. This method is appropriate where contextual studies are being undertaken by Yin (1994), Ryan et al (1992), and Haktanir (2005). A case study method is also deemed appropriate in exploratory research which may lead to a stream of future work (Waters and Sportel, 2005) quoted in (Choong & Islam, 2020) The data gathering method used in this case study is comprised of interviews and documentary analysis. Documents analyzed included minutes from Sales and operations meetings, financial statements, financial plans, selected Key performance indicators, and mission statement.

The Company develops, manufactures, markets, and distributes pharmaceutical products ranging from over the counter products to subscription drugs. It employs 120 people in both Czech and Slovakia in 2019. The turnover in both markets was over 130 million USD. The Company was chosen mainly because of the range of activities and the ready availability of information needed for this study.

The company is organized around three Commercial Business units, the HR department, and the Finance department. The Business units are the marketing units with the responsibility of planning and organizing marketing functions, main interactions with Key opinion leaders, physicians, and other healthcare specialists. Each business unit is headed by a Business Unit Manager and comprised of product managers and sales representatives. The Sales representatives report to the District Manager and together they formed the field staff.

The HR department is responsible for recruiting and rewarding employees. the HR policies are mostly derived from the Global corporate Headquarters with adjustments to meet local conditions. Employee performance appraisals, employee satisfaction surveys, defining job requirements, and responsibilities are organized and supervised by the HR department. There is also a Finance department with the responsibility of financial reporting, accounting, order entry, financial planning, and analysis.

A semi-structured interview was carried out designed to obtained detailed information about the performance measurement practices in The Company. Those interviewed were members of the top management team, Marketing Manager, and Finance Manager. The theme of the questions were: a) the frequency of preparing performance measurement, b) the purpose of performance measurement, c) type of performance measures used, d) what are the benchmarks used (if any), d) management commitment to satisfying stakeholder interests d) the objectives of the company.

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Performance measurement is an activity that managers in the Company perform to reach predefined goals that are derived from the company's strategic objects, mission, and goals. The company uses both financial and non-financial performance indicators in its performance measurements. Performance measurement is an ongoing monthly process and a major one at year-end.

5 Findings

The following are the main findings from the interviews regarding performance measurement and management practices.

For the company, performance is measured in terms of its financial achievements compared to plan, in terms of employee satisfaction, reflected in very low employee turnover rate, community involvement, quality of products, and availability. Performance measurement plays three main roles; Control, monitor, and learning.

The control function is used mainly in closing the gap between actual results and expected outcomes. This is expressed by the management philosophy of management by exception. Management is devoted to analyzing variances and proposing measures to close the gap between the actual result and expected. The same philosophy is applied in managing employee's behavior. Employees are expected to perform to certain standards at a minimum and hence training, motivations, rewards are in place to ensure that employees are satisfied and well equipped to deliver the company's objectives.

Monitoring is another important function of performance measurement. Periodic performance measures in the form of key performance indicators are computed monthly to eliminate surprises at the period end.

By periodically measuring these performance indicators, management can monitor the outcome of its operational process, and this in turn is an important feedback loop to help in the control function of management.

Finally, by measuring performance, the company is gaining experience in what works well and what needs to change. The learning opportunities are an important aspect of the overall management strategy in directing the affairs of the company.

The Following are the performance measures used in the Company:

1) *Financial measures:* The company uses two types of performance measures, financial and operational. These performance measures are key performance indicators of the overall level of stakeholder satisfaction. The overall company performance measures are financial mainly profitability measures. The most widely used measures are Sales and Net profit growth.
2) *Employee performance measures:* Annual performance reviews are in place to evaluate employees. These reviews are the basis of rewarding employees in terms of pay raises, bonuses, and promotions. Employee satisfaction surveys are also organized to measure employee satisfaction. The culture at the workplace and diversity is also a strategic goal of the company and hence it is regularly evaluated as an overall performance measure. These performance reviews are used to motivate employees to perform at their best always considering the interest of the company. Training is also regularly organized for selected employees.
3) *Customer satisfaction measures:* The performance indicators measure such as customer satisfaction is an important measure use by the marketing and Sales representatives to evaluate customer satisfaction, in this case, physicians and patients. The most widely used measures are Market Share and Sales growth. These indicators are used in the bonus system for Sales Representatives and marketing managers. Since these measures are tied to the

reward system of these employees, it influences their performance in terms of satisfying the main customers of the company needed to maintain or increase market share.

4) *Community involvement.* The company's involvement in supporting patients' organizations, supporting and promoting healthcare activities, once a year event devoted to community work are all stakeholder relationship management activities to actively participate in community improvement.

It is worth noting that all these performance measures are derived from the company's strategic objectives embodied in its mission and strategy.

The core objective of the company is expressed in its mission and vision statement which defines its strategic direction. The mission statement of the company is: To be a reliable partner to its primary stakeholders, to be the best place to work, to deliver quality products, and be a market leader in its core therapeutic areas.

6 Discussion and Conclusion

Performance in general is considered as the accomplishment of a given task measured against a benchmark. In Business practices, the benchmark is usually a standard derived from translating strategy to operational activity. Currently, the field of performance measurement and management can be analyzed from different theoretical perspectives, and it is this lack of consensus that called for the need to study what are the actual business performance measurement practices. As an attempt to contribute to the ongoing debate, this exploratory case study is to investigate the performance measurement practices of a firm operating in the pharmaceutical industry. Other firms could be used from different industries; however, the pharmaceutical industry was chosen due to its unique features and also due to the particular interest of the author. The performance measure is meaningful when it is derived from the main strategic objective of the business.

Two main theories defining the objective of the firm are, shareholder theory, and stakeholder theory. While the shareholder theory deals with shareholder wealth creation, the stakeholder theory broadly defines the objective of the firm in terms of satisfying the interests of the primary stakeholders. It is these diverse and often not congruent interests that form the basis of the mission statements of most pharmaceutical companies. In this regard, performance measures mirror these different interests. Performance measurement and management practices are geared towards the accomplishments of these performance measures.

Measuring performance using a single measure is short-sightedness and can lead to an incomplete assessment of firm performance. Performance is more than one single measure concept.

No single objective is adequate for judging business performance. High performing companies that are deemed excellent on single measures are prone to failure since they lack robustness. In Peter and Waterman's study (1982), of the 43 excellent companies identified, only 14 were excellent five years later, and only 6 eight years on. Many of these companies had disappeared altogether. High performance is not about exceptional achievements on one or two measures (EPS or growth), but gaining satisfactory results along with a broad set of criteria, each of which partially competes and conflicts with others over time (Doyle, 1994)

This paper presented the findings from a case study of a unique firm operating in an intensively regulated industry, the pharmaceutical industry. The findings from this case study indicate that the Company does not rely on only a single measure in assessing performance, but rather performance is measured with a balanced set of objectives from its mission & vision statement. The objective is stated in terms of satisfying its primary stakeholders. An analysis of annual reports of the top pharmaceutical companies indicates that the satisfaction of Stakeholders is a strategic goal of these firms and this is mostly embodied in mission statements. The mission statements of pharmaceutical companies almost always capture the philosophy of satisfying the needs of its stakeholders.

I do hereby acknowledge certain limitations and these findings may not apply to all such companies operating in the pharmaceutical industry. The results from a case study can sometimes be a limiting factor since the operations and style of management may not apply to other similar organizations. Secondly, the choice of a particular firm and people interview can also differ from one case to another. Nonetheless, the main aim here is an exploratory study to investigate to get an insight and understanding of performance measurement and management practices of a company and to use the information in broader empirical research in performance measurement practices of the pharmaceutical industry.

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