

Designing a model for international strategic renewal of pharmaceutical industry businesses

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Abstract

The purpose of this research is to provide a model of international strategic renewal of pharmaceutical industry businesses. The current research method is data-based according to the purpose, and also according to the data collection; which was collected in the year 2021 through semi-structured interviews. In order to collect information, a statistical community including 18 experts, including managers and experts in the export field of the top exporting businesses of the pharmaceutical industry active in Tehran province was selected. The purposeful sampling method is in the form of snowball, which theoretical adequacy was determined according to the rule of theoretical saturation. The qualitative part of the data was analyzed through open, axial and selective coding by MAXQDA software. The results of the research showed that in the design of the international strategic renewal model of pharmaceutical industry businesses, there are a total of 10 components were identified and extracted in the form of strategic factors (organizational components, lean and agile supply chain, international strategy), causal conditions (marketing component), structural conditions (entrepreneurship), consequences (financial performance, organizational performance) and background conditions (environmental components, management components, social components).

Keywords:

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Extended Abstract

Introduction

Moving towards innovation and making changes in the combination of products and services is in the realm of activities of a knowledge-based business (Shahriari et al, 2019). Therefore, knowledge-based businesses play an important role in production effectiveness, crystallization of knowledge in new products and services, improvement of the level of economy and well-being, production of wealth and added value in a society. Therefore, due to globalization and technological changes, the business environment has changed its direction towards knowledge-based economic activities (Sim & Teoh, 2019). In the management literature, several theories have been developed to describe and explain the success of organizations during the last few decades. One of the major and central areas that examines the long-term growth and profitability of the organization is the strategic area. The focus of researchers in this field is on how to change and develop the organization's business according to the situation and environmental changes in such a way that its long-term survival and success is realized. However, some theories and concepts raised in the field of strategy have been less discussed. One of these concepts is the emergence of strategic innovation in the organization. The meaning of strategic renewal is the process, content and result of updating or replacing the characteristics of the organization, capable of having a significant impact on the long-term vision of the organization (Agareval & Hlfet, 2013). Strategic innovation is actually an entrepreneurial phenomenon that redefines relationships with markets and competitors in order to fundamentally change the type of competition (Kuratko & Audretsch, 2021).

Based on the explanations provided, this research seeks to answer this question: what are the factors of international strategic renewal of pharmaceutical industry businesses?

Theoretical Framework

Considering the high importance of small and medium businesses for the economic growth of countries, the internationalization of these pharmaceutical industries in today's competitive world seems inevitable. Strategic innovation is defined as an interactive process that includes promotion, adaptation and use of new knowledge and innovative behavior to improve organizational competencies, products and services (Pratap & Saha, 2021). In fact, the process of strategic renewal includes the creation of new profits through the recombination of resources and includes measures such as business redefinition, product development, and process changes (Martinez, 2019).

Strategic discontinuous innovation requires changing the existing core business to a newer, more unknown business that is fraught with significant uncertainty. Accordingly, discontinuous innovation is more uncertain than continuous innovation in the existing business or internal and external venture capital investment where exploration and exploitation occur simultaneously (Floud & Len, 2020).

The second topic in renovation studies is the continuous renovation process. Continuous strategic innovation includes decisions to expand new product lines or services, or to significantly improve the performance of current lines (Hamel, 2013). Continuous innovation, if done proactively, may enable companies to adapt to changes in the external environment and thus reduce the need for a much larger and more difficult transformation. Continuous strategic innovation may even enable the firm to shape an external environment to its advantage.

Shu et al, (2019) conducted a research on government institutional support, entrepreneurship, strategic innovation and performance in developing China. The results showed that the institutional support of the government, entrepreneurial orientation and strategic

modernization increase the performance separately, however, the entrepreneurial orientation completely mediates the relationship between the institutional support of the government and strategic modernization. In addition, strategic innovation fully mediates the relationship between entrepreneurial orientation and firm financial performance and partially mediates the relationship between entrepreneurial orientation and firm reputation.

Kalabi et al, (2018) investigated the issue in a research entitled texturing and conceptualization of entrepreneurial strategic renewal (a case study of Iran's tile and ceramic industry). The findings indicate that the concept of entrepreneurial strategic renewal in the tile and ceramic industry includes six sub-categories: "recognition/discovery/creation of opportunities", "dynamism in the renewal of capabilities", "renewal of organizational goals and functions", "overactive in exploiting opportunities and improving the level of innovation", "continuous market monitoring" and "accepting uncertainty as a permanent phenomenon".

Research methodology

The current research was exploratory in terms of its nature, fundamental in terms of purpose, and qualitative in terms of the selection method. In order to answer the research questions in this study, the data-based theory strategy is used based on the systematic generation of theory from data. The statistical population of the present study consists of experts, including managers and experts in the field of export of the top exporting businesses in the pharmaceutical industry active in Tehran province, and the time domain of data collection is in the year 2021. The sampling method is snowball.

Research findings

To analyze the data, MAXQDA software was used to code and analyze the qualitative data. The results of the research showed that in the design of the international strategic renewal model of pharmaceutical industry businesses, there are a total of 10 components were identified and extracted in the form of strategic factors (organizational components, lean and agile supply chain, international strategy), causal conditions (marketing component), structural conditions (entrepreneurship), consequences (financial performance, organizational performance) and background conditions (environmental components, management components, social components).

Conclusion

This research was conducted to investigate the presentation of the international strategic renewal model of pharmaceutical industry businesses. The result of this research is in line with the result of Floud & Len (2020), Aghjani (2017), Knott & Posen (2017), Kelabi et al, (2018), Carpon & Mitchell (2016). Shu et al, (2019) showed in their research how entrepreneurial orientation (EO) and strategic renewal (as important dimensions of corporate entrepreneurship) can transfer the institutional support of the government and thus the company's performance in the economy. increase the current transition, and showed that the institutional support of the government, entrepreneurial orientation and strategic renewal separately increase the performance, however, the entrepreneurial orientation completely mediates the relationship between the institutional support of the government and strategic renewal. In addition, strategic innovation fully mediates the relationship between entrepreneurial orientation and firm financial performance and partially mediates the relationship between entrepreneurial orientation and firm reputation. According to the findings, the following suggestions are provided.

- The government should support the development of entrepreneurship and strategic modernization in these companies by supporting domestic products, amending tax laws and insurance laws, and establishing protective laws, as well as optimizing technology policies, financial policies, market policies, and increasing policies related to international interactions and the level of culturisation.
- Regarding the factors affecting the market, government policies should be based on increasing the absorption rate of technology, increasing market demand for products in this field, and developing market policies.
- The company's strategies, either in terms of design, strategic renovation, and investment for product production, or in terms of the market for the supply and sale of manufactured products, must be designed and adjusted in such a way that they are responsive to face rapid and immediate changes and can determine the priorities within the company. And based on that, decisions can be made in the light of the future consequences, and by solving the major problems of the organization today, it can lead to the improvement of the organization's performance.
- It can be effective to use targeted training to train specialists who can provide specialized opinions in this field.