

## **CHAPTER VI**

### **CONCLUSION**

This study identifies five critical success factors for the survival, development and growth of the local pharmaceutical manufacturing industry.

The critical success factors identified were, the need of a viable R & D centre and focus for the industry to have a competitive advantage in the industry. The capital intensive nature of the industry requires that funds should be made available to it more cheaply and effectively.

Human resource development for the industry is priority and it is more acute with the present tight labour market. By creating a highly ethical industry we attain quality, recognition follows, thus pertaining to regulatory matters in which the government, though all powerful, needs to weigh the situation and afford protection to the industry and aid it in its growth and development. The fact that the business world is becoming borderless is a concern and an opportunity for the industry. In five years time when AFTA is implemented the market trends will change and in a global economy, those manufacturing organizations that can respond rapidly to changes will have a competitive advantage.

The major factor in the growth of the industry is the government which has an active part in controlling all the five critical success factors for this industry, that is, setting up a research and development centre, funding the industry, training the technical personnel, regulating the industry and planning are the implementation of trade liberalisation.

The study found that the macro environment is very conducive for the growth and the development of the industry. It has been selected in the Second Industrial Master Plan as one of the industries to be developed for export. The nation and its leaders have the political will and added to the political stability prevailing and the vision to make Malaysia an industrialised nation by the year 2020. The government has deregulated some aspects of business, among others foreign investment, repatriation of earnings, incentives and lowering of taxes. Whilst in some cases regulations have been enacted or tightened for instance laws on intellectual property rights like patent regulation while others like the Environment Protection Act were enacted to help businesses. The greatest threat or opportunity is trade liberalisation vide the WTO and AFTA which makes it difficult for a company to stay a domestic competitor when the industry becomes global. It can only see when aggressive companies use this growth to attain economies of scale and learning and then it will face an attack on the domestic market using new technology, product design, manufacturing, marketing approach and economies of scale.

The Malaysian economy experienced high growth during the last decade resulting in full employment, strong financial market, increase in per capita income and a strong Ringgit which are all helpful to the pharmaceutical industry.

The social demographics where people with high incomes and, health conscious, with a propensity to spend and demand quality service and the increase incidence of disease like hypertension, heart disease and diabetes are factors that increase demand from the industry. The industry is in the high technology sector making use of rapidly changing technology in organization, production, quality control and marketing. Technological changes have a dramatic effect on the industry, it can create new markets, change the relative competitive cost position and render existing products and services obsolete. When formulating strategy, technology changes must be identified and taken into consideration for growth and development.

The industry and government should work in cohesion to develop the industry which has already been acknowledge by the Second Industrial Master Plan which has ear marked the pharmaceutical industry for development.

### **RECOMMENDATION FOR FUTURE RESEARCH**

As the study is exploratory in nature, based on a qualitative study taking into account only local manufacturers and, as mentioned earlier, inherent limitations in its methodology, it is therefore proposed that future researchers conduct a thorough research from the empirical aspect, which should include all the local manufacturers as respondents and also

include manufacturers based in the Asean region as they would be competing in the whole region on an equal footing with the local manufacturers once AFTA is implemented in the year 2003.