Impact of strategic management decisions on financial performance: A case study of Clicks Group Limited

By

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DECLARATION

I, Ebinezer Tendaishe Musukutwa, hereby declare that this dissertation is the result of my own independent work. It has not been submitted, whether in full or in part, for any degree or qualification at any other university. All sources consulted or quoted have been properly acknowledged.

Signature

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ABSTRACT

This study investigates the relationship between strategic management decisions and financial performance in South Africa's regulated retail-pharmacy sector, using Clicks Group Limited as a longitudinal case study. As the country's leading pharmacy-led retail chain, Clicks provides an empirically rich context for evaluating how strategic choices shape firm-level outcomes over time. The study focuses on three core strategic initiatives undertaken by the company between 2015 and 2024: expanding its pharmacy footprint, growing market share, and innovating private-label health and wellness products. The research is theoretically grounded in the Resource-Based View (RBV) and Porter's (1980) Generic Strategies, enabling analysis of how internal capabilities and competitive positioning interact to influence performance. A quantitative methodological approach was adopted, using audited financial statements, market reports, and regulatory disclosures to construct a ten-year panel dataset. Descriptive trend analysis, correlation testing, and multiple linear regression were used to examine the relationships among strategic decisions and four key financial indicators: Return on Investment (ROI), Earnings Before Interest and Tax (EBIT), average closing share price, and revenue. The findings show that pharmacy expansion was consistently and significantly associated with improvements in EBIT and revenue growth, while market share influenced ROI. Private-label share, while relevant to strategic positioning, did not demonstrate statistically significant effects in adjusted models. These results suggest that strategic growth through scale and market presence exerts a greater measurable influence on financial outcomes than product innovation alone, particularly under conditions of regulatory constraint and price controls. Based on these findings, the study recommends that retail-pharmacy firms operating in regulated environments prioritise strategies that expand pharmacy networks and strengthen market presence, as these initiatives demonstrate the most consistent and measurable impact on operating profitability and revenue growth. Product innovation through private-label development should be positioned as a complementary rather than primary growth strategy, supporting differentiation and customer retention while recognising its more limited direct effect on financial performance under price-controlled regulatory conditions.

Keywords: Strategic decisions, EBIT, ROI, share price, retail pharmacy sector, Clicks Group Limited

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List of Abbreviations

RBV	Resource-Based View
EBIT	Earnings Before Interest and Taxes
ROI	Return on Investment
GDP	Gross Domestic Product
SAPC	South African Pharmacy Council
SEP	Single Exit Price
NHI	National Health Insurance
ESG	Environmental, Social, and Governance
UPD	United Pharmaceutical Distributors
UHC	Universal Health Coverage
ROA	Return On Average Assets
EBITTA	EBIT-to-total-assets ratio
ANN	Artificial Neural Network
IMS	Integrated Management System
EVA	Economic Value Added
GPM	Gross Profit Margin
OPM	Operating Profit Margin
GEE	Generalised Estimating Equations
CR	Current Ratio
DER	Debt-to-Equity Ratio
ROE	Return on Equity
NPM	Net Profit Margin
DCV	Dynamic Capabilities View
NSE	National Stock Exchange
EPS	Earnings Per Share
MSMEs	Micro, Small, And Medium Enterprises
PLS-SEM	Partial Least Squares Structural Equation Modelling
DMA	Digital Marketing Adoption
SMEs	Small And Medium-Sized Enterprises
SEM	Structural Equation Modelling
DT	Digital Transformation
Smart PLs	Smart Private Labels

HHI	Herfindahl-Hirschman Index
DSC	Digital Supply-Chain
BMI	Business Model Innovation
BDA	Big Data Analytics
CRM	Customer Relationship Management
JSE	Johannesburg Stock Exchange
CPI	Consumer Price Index
OLS	Ordinary Least Squares
VIFs	Variance inflation factors
VRIN	Valuable, Rare, Inimitable, And Non-Substitutable

CHAPTER 1

INTRODUCTION AND PROBLEM IDENTIFICATION

1.1 Introduction

Strategic management has become a cornerstone of organisational success in today's dynamic and uncertain global business environment, providing frameworks that enable firms to navigate turbulence and remain competitive (Alharbi, 2024). Across industries, firms now operate in environments characterised by rapid technological disruption, evolving customer expectations, and heightened competitive pressures (Sorourkhah, 2024). In this context, strategic initiatives have increasingly become the primary mechanisms through which organisations respond to complexity, seize emerging opportunities, and build long-term resilience (Napier et al., 2024). Supporting this view, recent empirical studies across manufacturing, retail, and healthcare consistently demonstrate that strategic initiatives such as digitalisation, vertical integration, market expansion, and innovation directly influence profitability, operational efficiency, and market valuation (Ahmed et al., 2022; Mostaghel et al., 2022; Wen et al., 2022).

At its core, strategic management integrates analysis, decision-making, and performance evaluation; it is not merely an exercise in planning but a dynamic process that links organisational capabilities to competitive advantage (Gerhart & Feng, 2021; Engert et al., 2016). The field's theoretical foundations offer complementary perspectives on how firms create and sustain value. Porter's (1980) Generic Strategies highlight the role of deliberate positioning through cost leadership, differentiation, or focus, asserting that superior performance depends on a coherent strategic stance (Green et al., 1993). The Resource-Based View (RBV) shifts attention inward, proposing that sustainable advantage derives from valuable, rare, inimitable, and non-substitutable resources (Huang et al., 2015).

Financial performance indicators are central to assessing how effectively a strategy is executed. Metrics such as Earnings Before Interest and Taxes (EBIT), Return on Investment (ROI), and share price translate strategic intent into measurable outcomes by capturing operational productivity, efficiency, and market confidence. These metrics are consistent with contemporary empirical research, which has validated EBIT, ROI, and share price as reliable indicators of efficiency, profitability,

and market valuation across sectors and economies. EBIT isolates core operating performance from financing and taxation; ROI evaluates the profitability of invested capital; and share price reflects investors' perceptions of future value creation. Collectively, these metrics provide an integrated view of how strategic decisions manifest in financial success (Tudose et al., 2022; Lee et al., 2023; Goel et al., 2024; Kim et al., 2024).

Although extensive research has linked strategic management to financial outcomes, much of the empirical evidence remains concentrated in developed economies and well-established industries. Emerging and regulated markets are underrepresented, particularly in analyses of how financial indicators such as EBIT, ROI, and related profitability measures respond to strategic initiatives. Recent studies across telecommunications, agriculture, transportation, port operations, and service industries increasingly highlight that strategic decisions influence financial health, cost efficiency, and stability, yet these insights are dispersed and sector-specific (Albao et al., 2025; Praharsi et al., 2025; Prigoreanu et al., 2025; Moghadasnian & Ketabchi, 2024). Existing literature, therefore, remains heavily skewed toward general manufacturing and services, with far less attention to pharmacy-led retail, an industry shaped by unique pricing structures, regulatory requirements, and health-policy dynamics that directly affect strategic and financial performance (Musa, 2024; Safi et al., 2024). Evidence from diverse emerging-market settings further suggests that organisational resilience and sustained performance depend on firms' ability to align strategic initiatives with efficiency, innovation, and sound financial intelligence, particularly in contexts where market structures and competitive conditions are evolving (Usman & Moinuddin, 2025; Isibor et al., 2024; Tapa & Mazlan, 2024).

This study addresses this gap by investigating how strategic management decisions affect financial performance within a leading emerging-market firm. Using Clicks Group Limited, South Africa's largest pharmacy-led health and beauty retailer (Clicks, 2024), as a case study, the research examines how deliberate strategic initiatives have shaped performance outcomes over the period 2015–2024. Guided by the RBV and Porter's (1980) Generic Strategies, the study focuses on three strategic dimensions – pharmacy introduction, market expansion, and product innovation – and their influence on the key financial metrics EBIT, ROI and share price. By adopting a quantitative, longitudinal approach using secondary data, the research aims to provide empirical

evidence and managerial insights into how sustained strategic decision-making drives financial resilience in emerging-market contexts.

In doing so, this chapter introduces the conceptual and theoretical foundation upon which the study is built. The sections that follow provide the contextual background, define the research problem, outline the study's purpose and objectives, and discuss its significance, scope, and structure.

1.2 Background of the study

South Africa's economic environment presents persistent structural constraints that shape the strategic choices available to firms. Macroeconomic pressures, such as stagnant gross domestic product (GDP) growth, elevated unemployment, and inflation, have intensified competitive pressures and weakened consumer purchasing power (Dubihlela et al., 2025; International Monetary Fund, 2023; Carvalho, 2022). Within this constrained setting, strategic responses that combine operational efficiency, innovation, and customer value creation have gained critical importance (Jaboob et al., 2024; Aithal, 2023). Firms in service-intensive sectors, particularly healthcare retail, are required to align internal capabilities with evolving consumer needs and institutional pressures (Yadav et al., 2025). Emerging-market evidence indicates that firms that adopt integrated strategies in innovation, digital systems, and cost management are more resilient to volatility and achieve superior performance (Riaz, 2024).

The South African retail-pharmacy sector has undergone a significant transformation. Historically based on a dispensing model, the industry now incorporates broader functions, including over-the-counter sales, in-store clinics, chronic-care programmes, and digital interaction platforms. This shift has been catalysed by demographic transitions, rising rates of non-communicable diseases, and increasing consumer preferences for convenience and preventive health (Naidoo et al., 2021; Almeman, 2024). Globally, comparable transitions have been observed. Entities such as CVS Health, Boots, and Walgreens have adopted integrated business models that combine retail and clinical services with digital infrastructure, thereby achieving greater cost efficiency and expanded market presence (O'Connor, 2022; Zhan et al., 2021; York et al., 2021). These international cases reinforce the strategic relevance of combining

clinical and retail functions under unified platforms. In South Africa, the retail-pharmacy market was valued at USD 4.17 billion in 2023 and is expected to reach USD 6.82 billion by 2029, indicating a compound annual growth rate of 4.84 per cent (Statista, 2025; BlueWeave Consulting, 2019). This growth trajectory underscores the sector's strategic and economic significance. Research on supply-chain optimisation and data-driven decision-making in emerging markets confirms that these approaches contribute positively to both efficiency and firm valuation (Usman & Moinuddin, 2025; Galankashi & Rafiei, 2022).

The sector operates under a strict regulatory framework, which influences business strategy. Legislation such as the Medicines and Related Substances Act (Act 101 of 1965), the Pharmacy Act (Act 53 of 1974), and guidelines issued by the South African Pharmacy Council (SAPC) define the professional and operational boundaries. The Single Exit Price (SEP) mechanism regulates medicine pricing, constraining revenue flexibility. In this environment, firms that combine compliance with strategic efficiency are better positioned to achieve financial sustainability (Takawira & Mutambara, 2023). Evidence from other regulated markets indicates that such firms often exhibit higher market confidence and higher valuations (Carnini Pulino et al., 2022).

The proposed rollout of the National Health Insurance (NHI) introduces further complexity and opportunity. Policy frameworks suggest that retail pharmacies will play a larger role in primary healthcare delivery and chronic disease management (Noutchie, 2025). Existing involvement in immunisation, counselling, and chronic-care logistics positions these firms as likely partners in future public–private delivery models (Naidoo et al., 2021). This alignment of service expansion with public-health mandates may increase institutional trust and investor appeal, consistent with international evidence linking Environmental, Social, and Governance (ESG) compliance to performance gains (Carnini Pulino et al., 2022).

Market concentration also characterises the sector. The Competition Commission has identified Clicks and Dis-Chem as the dominant firms, with MediRite as a smaller competitor (Competition Commission South Africa, 2021). These firms represent divergent strategies. Dis-Chem’s large-format, volume-based model has expanded its reach, albeit at the cost of greater leverage and lower margins. MediRite competes on accessibility and pricing, but exhibits limited strategic differentiation. Clicks has

prioritised vertical integration, cost control, product innovation, and customer proximity to sustain long-term profitability. Its performance is consistent with theoretical predictions regarding coherent strategy execution and resource-based efficiency (El Nemar et al., 2025; Ali & Anwar, 2021).

Founded in 1968, Clicks has evolved significantly following the 2004 legislative change that permitted corporate ownership of pharmacies. It pursued strategic integration of pharmaceutical services, transforming from a retail cosmetics outlet into a health-focused retail group. Key initiatives included acquiring United Pharmaceutical Distributors (UPD), expanding private-label offerings, and deploying digital engagement platforms. These efforts enhanced price competitiveness, supply stability, and consumer loyalty. Investments in e-commerce, digital prescriptions, and mobile platforms have supported marketing precision and convenience (Clicks, 2024). These initiatives align with global findings linking strategic digitalisation and vertical integration to improved operational and financial performance (Hoessler & Carbon, 2024; Purohit, 2024; Grishunin et al., 2023). By 2024, Clicks operated 877 stores and 715 pharmacies and maintained over 10 million loyalty members. Between 2015 and 2024, revenue increased from R22 billion to R45.4 billion, underpinned by a return on equity of 43.4 per cent (Clicks, 2024). This trajectory reflects the strategic integration of internal capabilities, competitive positioning, and technological adaptation. It also addresses a gap in current scholarship regarding how firms in emerging markets apply strategy theories to navigate regulatory constraints and macroeconomic uncertainty (Musa, 2024; Safi et al., 2024; Isibor et al., 2024).

Given these dynamics, Clicks is a suitable case for examining the relationship between strategic management decisions and financial outcomes in a regulated, emerging-market context. The study evaluates how specific strategic variables, including pharmacy expansion, product innovation, and market positioning, have influenced performance indicators such as EBIT, ROI, and share-price appreciation over time.

1.3 Research problem

The South African retail-pharmacy sector has undergone significant structural and strategic transformation since the early 2000s. This transformation has been shaped by corporatisation, pricing regulation through the SEP system, and the integration of

healthcare and retail functions within the same commercial entities. Clicks Group Limited has played a central role in this evolution. Since acquiring the right to operate corporate-owned pharmacies, the firm has implemented strategies including pharmacy rollouts, market expansion, and product innovation through private-label development (Clicks, 2024). These initiatives have supported Clicks' continued financial growth. Still, the specific impact of each strategic decision on performance outcomes such as ROI, EBIT, share price, and revenue growth remains insufficiently examined in the South African context.

The international literature provides strong evidence that strategic management practices, such as vertical integration, digitalisation, and product diversification, positively influence financial performance in the retail-pharmacy sector (Hoessler & Carbon, 2024; Mostaghel et al., 2022). Firms such as CVS Health, Walgreens, and Boots have documented measurable financial benefits from strategic integration and operational restructuring (O'Connor, 2022; Zhan et al., 2021; York et al., 2021). However, these studies are located in high-income countries where firms operate under different institutional, regulatory, and economic conditions. South Africa's SEP regime restricts pricing discretion, requiring firms to pursue alternative efficiencies through supply-chain integration, service expansion, and operational adaptability (Competition Commission South Africa, 2021). The industry is also influenced by broader economic challenges, including low consumer purchasing power and high unemployment, as well as evolving public health policies such as the proposed National Health Insurance (Naidoo et al., 2021; Noutchie, 2025).

There is limited empirical research linking specific strategic decisions to financial outcomes in South Africa's pharmacy-retail sector. Existing studies tend to focus on descriptive financial indicators without interrogating how management decisions influence these outcomes over time (Nsiah & Aidoo, 2015; Gilligan & Skrepnek, 2013). This gap restricts theoretical and managerial understanding of whether and how global strategic frameworks apply to firms operating under local regulatory and economic constraints.

Theoretically, the absence of applied empirical research limits the ability to assess the relevance of frameworks such as the RBV and Porter's (1980) Generic Strategies in emerging-market contexts. RBV identifies internal capabilities, including logistics,

digital systems, and brand equity, as sources of sustainable advantage (Gerhart & Feng, 2021; Huang et al., 2015). Porter's (1980) framework links cost leadership and differentiation to firm performance in competitive markets (Islami et al., 2020; Green et al., 1993). The application of these models to a regulated, service-based sector in South Africa remains largely untested. Without context-specific analysis, it is unclear which strategic mechanisms most strongly influence performance.

This study addresses the lack of a longitudinal, strategy-focused performance analysis by examining Clicks Group Limited between 2015 and 2024. It investigates the relationship between key strategic decisions, pharmacy expansion, market growth, product innovation, and financial outcomes, including ROI, EBIT, share price, and revenue. By focusing on one of South Africa's largest corporate pharmacy groups, the study contributes to the empirical understanding of strategic management in regulated emerging markets and supports evidence-based decision-making for sector participants.

1.4 Research aim

This study examines the relationship between strategic management decisions and financial performance in South Africa's retail-pharmacy sector. Using Clicks Group Limited as a case study, the research seeks to analyse how specific strategic initiatives, namely pharmacy expansion, market growth, and private-label product innovation, have influenced key financial indicators, including ROI, EBIT, share price performance, and revenue growth over the period 2015 to 2024.

By situating the analysis within South Africa's regulated environment, the study aims to assess the applicability of established strategic management theories, particularly the RBV and Porter's (1980) Generic Strategies, to an emerging-market context characterised by pricing controls, economic volatility, and evolving healthcare policy. The research aims to generate evidence that informs both theoretical debates and managerial practice in regulated service sectors.

1.5 Research objectives

The following research objectives guide this study:

1. To conduct a longitudinal trend analysis of Clicks Group Limited's financial performance between 2015 and 2024, focusing on efficiency, profitability, and market valuation using EBIT, ROI, and share price as primary indicators.
2. To evaluate the impact of strategic management decisions, specifically pharmacy introduction, market expansion, and product innovation, on Clicks' operational efficiency, profitability, and market valuation.
3. To assess the influence of these strategic initiatives, pharmacy introduction, market expansion, and product innovation on revenue growth.

1.6 Research questions

The study is structured around the following research questions:

1. What are the longitudinal trends in EBIT, ROI, and share price for Clicks Group Limited between 2015 and 2024?
2. To what extent have the introduction of pharmacies, market expansion, and product innovation influenced Clicks' operational efficiency, profitability, and market valuation?
3. How have these strategic management decisions, pharmacy introduction, market expansion, and product innovation influenced revenue growth between 2015 and 2024?

1.7 Research hypotheses

Grounded in the theoretical frameworks and validated empirical findings, the following hypotheses are proposed:

1. Descriptive trend hypothesis: There is a significant and positive trend in Clicks Group Limited's efficiency, profitability, and market valuation (EBIT, ROI and share price) from 2015 to 2024.
2. Strategic impact hypothesis: Pharmacy introduction, market expansion, and product innovation exert a statistically significant impact on Clicks' operational efficiency, profitability, and market valuation.
3. Revenue growth hypothesis: Pharmacy introduction, market expansion, and product innovation have a statistically significant positive influence on revenue growth, contributing to sustainable financial performance.

1.8 Purpose of the study

The purpose of this study is to examine the relationship between strategic management decisions and financial performance at Clicks Group Limited over the period from 2015 to 2024. The study focuses on three strategic initiatives undertaken by the firm: the introduction of a pharmacy, market expansion, and product innovation. These are evaluated against financial indicators such as EBIT, ROI, revenue growth, and share price performance.

An observed gap in the existing literature informs this purpose. While research from high-income contexts has linked digitalisation, integration, and innovation to improved financial outcomes, there remains limited empirical analysis within emerging-market pharmacy sectors subject to regulatory and institutional constraints. By focusing on Clicks Group in South Africa's price-controlled, policy-sensitive environment, this study provides a context-specific investigation of how strategic decisions influence performance over time.

The findings are intended to extend the application of strategic management theory to regulated markets and to contribute to the evidence base required for informed decision-making by managers, investors, and policymakers operating within the South African healthcare-retail sector.

1.9 Significance of the study

This study holds significance across four interrelated dimensions: academic, managerial, policy, and sectoral, reflecting its contribution to both scholarship and practice within South Africa's regulated retail-pharmacy industry.

1.9.1 Academic contribution

This research advances strategic management scholarship by addressing a clear empirical gap in emerging markets. While studies in developed economies (Hoessler & Carbon, 2024; Zhan et al., 2021) demonstrate that digitalisation, integration, and innovation improve financial outcomes such as EBIT and ROI, these relationships remain under-examined in African retail-pharmacy environments. By analysing a

Drawing on a decade of firm-level data from South Africa's corporatised, price-regulated pharmacy sector, this study provides longitudinal evidence that extends the applicability of global theories to an emerging-market setting. Methodologically, it contributes by employing a quantitative longitudinal design that captures both cyclical disruptions (e.g., COVID-19) and structural strategic shifts (e.g., private-label expansion and digital transformation). Theoretically, the study adds value by integrating the RBV and Porter's (1980) Generic Strategies, enabling a multidimensional evaluation of how internal capabilities and competitive positioning jointly shape financial performance.

1.9.2 Practical implications

The study offers evidence-based insights for executives, managers, and investors operating in regulated, low-margin sectors. In an environment constrained by the SEP mechanism, firms depend on strategic decisions, such as pharmacy introductions, market expansion, and product innovation, to drive profitability. By empirically linking these decisions to key financial indicators (EBIT, ROI, share price, and revenue growth), the research identifies which strategic initiatives generate the most consistent financial returns. These insights support improved strategic planning, resource allocation, and performance evaluation. Investors can interpret financial trends more accurately, while smaller or independent pharmacies may use the findings to benchmark scalable practices such as loyalty programmes, clinic-based services, and digital engagement. Overall, the study enhances strategic literacy within the healthcare-retail ecosystem.

1.9.3 Policy relevance

South Africa's commitment to Universal Health Coverage (UHC) through the NHI underscores the need for financially sustainable private-sector participation in healthcare delivery. By demonstrating how strategic decisions shape the financial resilience of a major retail pharmacy chain, the study provides evidence relevant to regulatory debates on pricing, access, and competition. Findings on the effects of SEP regulation, supply chain integration, and differentiation strategies can inform policy discussions on transparency, licensing, and market structure. The study supports broader policy arguments, as reinforced by Safi et al. (2024) and Carnini Pulino et al. (2022), that sustainability, equity, and responsible governance enhance both public

trust and market valuation. Thus, the research contributes to aligning business viability with national health equity objectives.

1.9.4 Sectoral impact

The study holds sector-wide relevance for South Africa's retail-pharmacy industry, which operates at the intersection of healthcare delivery, consumer services, and digital innovation. By identifying the strategic decisions that sustain long-term performance, the research provides a replicable model for innovation-driven competitiveness in emerging markets. It demonstrates how digital transformation, vertical integration, and customer-centric services contribute to cost efficiency, loyalty, and revenue diversification, findings consistent with the contemporary literature (Grishunin et al., 2023; York et al., 2021). The results also highlight opportunities for industry collaboration, suggesting that pharmacies and healthcare providers that invest in data analytics, digital engagement, and community-level health services are better positioned to support national health equity goals while maintaining commercial viability. Overall, the study offers a comprehensive framework for understanding how strategic coherence and innovation contribute to both financial resilience and societal value within the evolving pharmacy landscape.

1.10 Scope of the study

This study is confined by clearly defined temporal, geographical, organisational, variable, and theoretical parameters to ensure analytical focus and methodological coherence. Temporally, the research covers the period 2015 to 2024, a decade marked by significant strategic developments at Clicks Group Limited, including the expansion of in-store pharmacies, accelerated digitalisation, and increasing competition in the retail-pharmacy market, while also capturing external shocks such as the COVID-19 pandemic. This longitudinal scope enables the analysis of both sustained strategic trends and short-term financial resilience. Geographically, the study is limited to South Africa, where Clicks operates within a dual healthcare system and a highly regulated pharmaceutical environment shaped by policies such as the SEP and emerging NHI reforms. This national focus allows examination of how global strategic frameworks behave under local regulatory and institutional constraints.

Organisationally, the research centres exclusively on Clicks Group Limited, the country's largest retail-pharmacy chain. A single-case design supports depth of inquiry

into how Clicks' strategic management decisions influence financial performance over time, while excluding competitors such as Dis-Chem, MediRite, and independent pharmacies to preserve internal validity and analytical consistency. The study further defines its scope through the variables examined. Three strategic (independent) variables – pharmacy introduction, market expansion, and product innovation are analysed in relation to four financial-performance (dependent) variables: EBIT, ROI, share price, and revenue growth.

The theoretical scope is anchored in two complementary frameworks: the RBV, which explains financial performance through the development and deployment of firm-specific capabilities such as digital infrastructure and supply-chain integration; and Porter's (1980) Generic Strategies, which provide insight into how cost leadership, differentiation, and focus strategies shape competitive positioning and long-term profitability. Together, these frameworks offer a triangulated analytical lens that enables a comprehensive evaluation of how Clicks' strategic initiatives translate into sustained financial outcomes within a regulated emerging-market retail-pharmacy environment.

1.11 Delimitations of the study

The delimitations outline the researcher's intended boundaries to ensure the study remains focused, feasible, and aligned with its objectives. First, the research adopts a single-case design centred exclusively on Clicks Group Limited. Other retail-pharmacy competitors, such as Dis-Chem, MediRite, and independent pharmacies, are not analysed. This exclusion allows for longitudinal depth rather than cross-sectional comparison. Second, the study relies solely on secondary data obtained from audited financial statements, integrated annual reports, investor presentations, and verified market sources covering the period 2015–2024. No primary data were collected, such as interviews, surveys, or focus groups. This deliberate decision ensures objectivity and replicability but limits insights into managerial perceptions or strategic intentions. Third, the methodological focus is strictly quantitative. The study employs descriptive trend analysis and multiple regression to examine the relationship between strategic decisions and financial performance. Qualitative and mixed-methods approaches were excluded to maintain statistical precision and alignment with the study's empirical objectives. Fourth, only three strategic management decisions, pharmacy introduction,

market expansion, and product innovation, are investigated. Other potentially relevant strategic factors, such as leadership transformation, supply-chain restructuring, or internationalisation, fall outside the scope of this study to retain conceptual focus on the core strategic initiatives most consistently reported in Clicks' strategic trajectory. Finally, the analysis is geographically restricted to Clicks' South African operations and does not extend to international influences or external macroeconomic modelling. The study evaluates firm-level financial performance rather than broader sectoral or macroeconomic indicators, enabling a clear assessment of micro-strategic drivers within a regulated, emerging-market context.

1.12 Definition of Key Concepts

This section defines the core terms and constructs used throughout the study. Definitions are contextualised within the strategic management and retail-pharmacy literature to ensure conceptual clarity and alignment with the study's objectives.

Strategic Management - Strategic management refers to the formulation and execution of long-term organisational goals through coordinated decisions involving resource allocation, competitive positioning, and environmental adaptation (Barney & Hesterly, 2019, 44). It consists of aligning internal capabilities with external opportunities and constraints to achieve sustainable performance.

Strategic Decisions - Strategic decisions are high-impact choices that shape the firm's direction and long-term outcomes, often involving investment in capabilities, market entry, product development, or structural change (Elbanna, 2006, 4). In this study, the term refers explicitly to Clicks' pharmacy integration, market expansion, and product innovation initiatives.

Resource-Based View (RBV) - The RBV is a theoretical perspective asserting that a firm's sustainable competitive advantage arises from internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991, 101; Gerhart & Feng, 2021, 1799). These include tangible and intangible assets such as logistics systems, brand equity, human capital, and data capabilities.

Porter's (1980) Generic Strategies - Porter's (1980) framework proposes three generic strategies, cost leadership, differentiation, and focus, as mechanisms for achieving

competitive advantage. The model remains widely used to assess how firms compete based on price efficiency or distinctive value offerings (Islami et al., 2020, 3).

Pharmacy Integration - The integration of licensed pharmaceutical services, in-store clinics, and dispensing systems into retail operations. It includes vertical integration with suppliers and logistics to streamline the healthcare-retail interface (Naidoo et al., 2021; Clicks, 2024).

Product Innovation - Product innovation entails developing and introducing new or improved goods and services that provide greater value to customers (OECD, 2018). This study includes Clicks' private-label development, digital health tools, and the expansion of generic medicine offerings.

Market Expansion - Market expansion entails the geographical or segmental broadening of a firm's operations to reach new customers or markets (Ansoff, 1957, 115). In the context of Clicks, it refers to the growth of store and clinic networks, digital platforms, and customer access channels across South Africa.

EBIT (Earnings Before Interest and Tax) - EBIT is an indicator of a firm's operating profitability that excludes the effects of capital structure and tax obligations. It is commonly used to assess the financial outcomes of strategic efficiency and cost control (Eng & Vichitsarawong, 2022).

Return on Investment (ROI) measures the efficiency with which invested capital generates profit. It is calculated by dividing net return by investment cost, and reflects managerial effectiveness in capital allocation and strategic decision-making (Gibson et al., 2013, 25).

Share Price - The share price represents a firm's market valuation based on expected future earnings and strategic credibility. It reflects investor sentiment and confidence in the firm's long-term growth and risk profile (Rizwan et al., 2020).

Revenue Growth - The percentage increase in total sales over time, capturing demand expansion, market penetration, and the commercial success of innovation or strategic repositioning (York et al., 2021, 335).

1.13 Structure of the Dissertation

This dissertation is organised into six chapters. Each chapter builds a coherent narrative that progresses from conceptual framing to empirical investigation and interpretation.

Chapter 1 introduces the study by outlining the background, research problem, aim, objectives, research questions, and purpose. It situates the inquiry within the South African retail-pharmacy context and provides the rationale for examining the strategic and financial trajectory of Clicks Group Limited.

Chapter 2 presents the literature review and theoretical framework. It synthesises prior research on strategic management and financial performance, with a focus on studies relevant to emerging markets, regulated industries, and retail-pharmacy contexts. It also introduces the theoretical lenses guiding the study, including the RBV and Porter's (1980) Generic Strategies, and positions them in relation to the research questions.

Chapter 3 outlines the research methodology. It describes the research design, approach, data sources, sampling strategy, and analytical techniques. The chapter also addresses ethical considerations and limitations associated with the use of secondary data.

Chapter 4 reports the empirical findings. It presents the results of the financial analysis, including trends in EBIT, ROI, share price, and revenue growth over the study period. The analysis is organised according to the three strategic variables identified in the conceptual framework.

Chapter 5 discusses the findings in relation to the research questions and theoretical frameworks. It interprets the implications of the results for strategic decision-making and firm performance in a price-regulated, competitive environment.

Chapter 6 concludes the study by summarising the key insights, reflecting on their theoretical and practical significance, acknowledging study limitations, and offering recommendations for industry practice, policy, and future research.

1.14 Chapter summary

This chapter introduced the study by contextualising the research within the evolving South African retail-pharmacy sector. It outlined the macroeconomic and regulatory factors shaping strategic decision-making, with particular emphasis on the structural constraints and opportunities facing firms such as Clicks Group Limited. The background highlighted the significance of strategic initiatives, pharmacy integration, market expansion, and product innovation in influencing organisational performance within a regulated environment.

The problem statement identified the lack of empirical research linking firm-level strategy to financial outcomes within emerging-market pharmacy sectors. This gap informed the research aim: to examine how strategic decisions influence Clicks Group's financial performance between 2015 and 2024. The chapter also presented the research objectives, research questions, and the study's purpose, all of which guide the empirical investigation.

The study is a quantitative analysis of secondary data, focusing on measurable indicators such as EBIT, ROI, revenue growth, and share price. The delimitations clarified the study's scope, including the exclusive focus on Clicks, the use of secondary data, and the emphasis on three core strategic variables.

By defining the conceptual, empirical, and methodological parameters of the research, this chapter provides a foundation for the subsequent chapters. Chapter 2 presents a critical review of the relevant literature, including theoretical frameworks that underpin the study's analysis of strategy-performance linkages within emerging-market contexts.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Chapter 1 established the contextual and strategic foundations of Clicks Group Limited, outlining how the firm's trajectory has been shaped by pharmacy integration, market expansion, and product innovation within South Africa's regulated retail-pharmacy sector. Building on this foundation, the present chapter critically reviews the theoretical and empirical literature that informs the study's analytical approach. The review is structured thematically, progressing from foundational theories of competitive advantage and firm performance to sector-specific studies and conceptual considerations.

The literature review is anchored in three theoretical perspectives: the RBV, Porter's (1980) Generic Strategies, and Dynamic Capabilities Theory (DCT). These frameworks are used to interpret how firms develop, deploy, and adapt internal capabilities to sustain performance in competitive, institutionally constrained environments. Each theory contributes a distinct dimension to the study's conceptual framework, linking strategic choices to performance outcomes under conditions of regulation and market volatility.

The chapter also synthesises empirical findings from both global and emerging-market contexts, with particular attention to strategic initiatives relevant to retail-pharmacy firms. These include vertical integration, private-label development, digital transformation, and service differentiation. Financial indicators such as EBIT, ROI, share price, and revenue growth are examined not only as performance metrics, but also as reflections of firms' ability to align internal competencies with strategic intent.

Although substantial research exists on strategy-performance relationships, there remains a limited body of work that applies multi-theoretical perspectives to longitudinal firm-level data within regulated retail-pharmacy sectors in emerging markets. This chapter identifies and addresses that gap by integrating theoretical models with contextualised literature to inform the study's conceptual framework and empirical analysis.

2.2 Strategic Management and Financial Performance

Recent empirical scholarship continues to reinforce the relationship between strategic management decisions and firm financial performance, particularly in emerging-market environments characterised by volatility, regulatory constraints, and resource limitations. Strategic initiatives such as innovation adoption, operational integration, digital transformation, and market expansion have been shown to influence profitability, efficiency, and organisational resilience across sectors. For example, Riaz (2024) emphasises that firms that align strategic positioning with internal capabilities are more likely to sustain competitive advantage and achieve improved financial outcomes. Similarly, Usman and Moinuddin (2025) demonstrate that integrating business intelligence and strategic decision-support systems enhances organisational agility and significantly improves financial indicators, such as return on investment and operational efficiency.

Evidence from emerging-market firms further indicates that managerial decision-making and financial intelligence are critical to translating strategy into measurable financial performance. Safi et al. (2024) find that stronger financial analysis capabilities among senior managers positively influence organisational profitability indicators, including ROI and ROA. Likewise, Isibor et al. (2024) show that macroeconomic conditions and strategic responses to market shocks can significantly influence firm-level returns, highlighting the importance of adaptive strategic decision-making in uncertain environments. These studies reinforce the argument that financial performance is not only shaped by external market conditions but also by the strategic choices organisations make regarding resource deployment, operational efficiency, and innovation. In this context, examining the relationship between strategic management decisions and financial outcomes remains critical for understanding how firms achieve sustained performance in regulated and emerging markets.

2.2.1 EBIT as a financial performance indicator

EBIT is widely used as an indicator of operating profitability because it isolates the financial results of core business activities from the effects of tax and financing structures (Eng & Vichitsarawong, 2022). This makes EBIT highly relevant to this

study's objective of assessing how Clicks' strategic decisions have translated into operational efficiency and profit growth. In Romania, Mihaela (2023) conducted a study comparing EBIT and EBITDA using financial data from Romanian firms, including ALFA S.A. The study employed comparative ratio analysis to assess how each metric reflects operational performance. The findings indicate that EBIT provides a more precise representation of core operating profitability because it incorporates depreciation and provisioning expenses, which are essential for understanding the performance of asset-intensive firms over time. Consequently, EBIT was shown to be more suitable for longitudinal analysis and cross-firm benchmarking. The author recommends that managers use EBIT alongside EBITDA as complementary diagnostic tools when evaluating operational effectiveness. This aligns with the present study, as it reinforces that EBIT is a reliable indicator of operational efficiency within Clicks' business model.

Beyond the European context, the robustness of EBIT as an operational indicator is evident in the Asia-Pacific region as well. Albao et al. (2025) analysed a balanced panel of 32 telecommunications firms across 11 Asia-Pacific countries between 2018 and 2022 using panel data regression. The study examined how ESG scores and their three pillars affected two performance indicators, return on average assets (ROA) and the EBIT ratio. The results showed that none of the ESG pillars, nor the aggregate ESG score, had a statistically significant impact on EBIT. In contrast, the aggregate ESG score had a positive and significant effect on ROA, despite the individual pillars exerting adverse effects. The authors conclude that sustainability initiatives can influence accounting-based returns, such as ROA, even though they appear largely unrelated to EBIT in this sample. Taken together, these findings suggest that EBIT may be less sensitive to ESG-driven or non-operational activities than broader profitability measures, supporting its use as a relatively clean indicator of core operating

performance. In the context of the present study, this reinforces the choice of EBIT to assess whether Clicks' strategic decisions translated into underlying operating profitability rather than merely ESG-related or reputational financial effects.

In addition to isolating operational income, evidence from other industries shows that EBIT is highly sensitive to cost-efficiency strategies. In the airline industry, Moghadasnian and Ketabchi (2024) developed a mixed-methods framework linking cost-management KPIs to financial health. Within their profitability metrics, they highlight EBIT alongside net profit margin and ROI as key indicators of operational profitability before the effects of financing and taxation, and as crucial for understanding the financial effectiveness of airline operations. Their analysis shows that higher EBIT and profit margins are associated with more effective cost management and operational efficiency, and they argue that profitability metrics such as EBIT and ROI are central to long-term financial sustainability.

Further evidence from logistics and port operations confirms this pattern. Praharsi et al. (2025) developed a comprehensive port-performance framework for Indonesia using a three-round Delphi method that integrated the Balanced Scorecard, PESTLE analysis, and smart/green port principles. From an initial list of 127 indicators, 114 PPIs were validated through expert consensus. Within the financial dimension, EBIT margin was retained as one of the key profitability indicators, alongside revenue growth, net profit margin, and operating cash flow metrics. Although the authors do not provide a specific rationale for EBIT beyond citing its validation as an indicator, its inclusion among the core financial metrics supports its continued relevance as a measure of operational profitability. For the current study, this reinforces the suitability of EBIT for assessing whether Clicks' store and clinic expansion yielded scalable operating profit.

A similar trend is observed in Romania's agricultural sector. In Romania, Prigoreanu et al. (2025) analysed the economic performance and financial sustainability of I.C. Agrotehnica S.R.L., a Romanian farm, over the period 2021–2023, using profitability and capital structure indicators, including EBIT and EBITDA. The EBIT margin increased from 5% in 2021 to 38% in 2022 and remained high at 35% in 2023, while EBITDA rose from 24% to 52% before stabilising at 51%. The authors attribute these improvements to strategic investments, the implementation of modern technologies, the optimisation of operational processes, and more efficient capital use. They

emphasise the importance of continuous monitoring of economic performance and the adoption of sustainable strategies to support long-term development in a volatile agricultural environment. These results illustrate that EBIT can serve as a sensitive indicator of operating profitability, reflecting productivity and process improvements. By analogy, this supports the use of EBIT in the present study to assess whether innovation and digital systems in a retail-pharmacy context, such as Clicks, translate into higher operating profits.

Extending the evidence to another emerging economy, Mordi et al. (2025) examined the determinants of research and development (R&D) investment in Nigeria using panel-corrected regression on 55 listed non-financial firms (2018–2023). They found that working capital and EBIT had a significant adverse effect on R&D expenditure, suggesting that firms with higher liquidity and operating earnings prioritised short-term financial stability over uncertain innovation projects. By contrast, retained earnings and ROA were positively associated with R&D investment. The authors recommended balancing liquidity management with long-term innovation goals, reinvesting internal earnings into R&D, and enhancing transparency to strengthen investor confidence. This implies that EBIT operates as a financial performance indicator that shapes managerial decisions about resource allocation and risk. Although sector-specific, it illustrates how operating profitability can influence broader strategic choices.

Complementing this, evidence from Portugal indicates that EBIT plays an essential role in financial forecasting and performance stability. Freitas et al. (2025) applied Artificial Neural Network (ANN) modelling to compare 50 firms with Integrated Management System (IMS) certification against 50 non-certified firms. Their results showed that IMS-certified firms exhibited greater stability and accuracy in forecasting key financial indicators, including EBIT. The authors conclude that IMS integration enhances operational consistency and improves financial predictability. This supports the use of EBIT as a credible forward-looking performance indicator that reflects a firm's operational system stability.

Consistent with this, evidence from Indonesia indicates that EBIT-to-asset ratios are directly linked to financial resilience. Musa (2024) applied logistic regression to data from 62 manufacturing firms listed on the Indonesia Stock Exchange and found that the EBIT-to-total-assets ratio (EBITTA) had a significant negative coefficient, indicating

that firms with higher EBIT relative to assets were less likely to experience financial distress. Alongside governance variables and other ratios such as ROE, RETA, and leverage, EBIT/total assets emerged as a critical indicator of financial stability. This supports the use of EBIT-based measures as practical financial performance indicators for assessing operating strength and distress risk in firms, including retail-pharmacy chains such as Clicks.

Further support comes from evidence in Southeast Asia. In Malaysia, Tapa and Mazlan (2024) examined board governance and operating performance of trading and services IPO firms using EBIT/A as the measure of operating profitability. They found that for smaller firms, the number of independent directors was negatively associated with EBIT/A, while for larger firms, board age diversity and other governance variables showed significant relationships. The authors argue that board governance characteristics matter for post-IPO operating profitability. This supports the broader inference in this study that governance choices (e.g., board composition) can influence EBIT outcomes.

Collectively, evidence across Romania, Indonesia, Portugal, Nigeria, Malaysia and the Asia-Pacific region demonstrates that EBIT is a robust and widely comparable measure of operating efficiency. Across these studies, EBIT consistently emerges as a key indicator for performance tracking, cost-control evaluation, expansion assessment and financial forecasting. Accordingly, in this study, EBIT is an appropriate and theoretically justified indicator for assessing whether Clicks' pharmacy growth, market expansion and private-label development translated into stronger operating profitability between 2015 and 2024.

2.2.2 ROI as a financial performance indicator

ROI measures how effectively organisations convert invested capital into profit and is widely used to evaluate strategic effectiveness and capital efficiency (Galankashi & Rafiei, 2022). Because it aggregates results from resource allocation, cost control, and execution, it is a useful headline indicator best interpreted alongside EBIT and market metrics.

In China, Zhou et al. (2022) analysed 61 textile firms listed on the Shanghai Stock Exchange using a dynamic GMM estimator to address endogeneity, multicollinearity and firm-specific effects. ROI was used as the primary financial performance indicator.

The results showed that research and development investment had a positive and statistically significant impact on ROI, demonstrating that technological innovation enhances capital efficiency and firm profitability. The authors concluded that maintaining R&D intensity is essential for sustaining ROI growth, particularly in innovation-driven industries. For this study, the implication is that ROI can effectively capture whether Clicks' strategic initiatives, such as pharmacy expansion, market penetration, and private-label growth, improved capital efficiency and overall financial performance.

Similar evidence of ROI's analytical value is reported in Europe. In Hungary, Lipták et al. (2022) provide a historical and management accounting review showing that classical ROI has been used for more than a century as a profitability ratio and has been adapted across diverse organisational units, such as research and development, marketing, and human resources. They highlight that ROI is now applied not only in manufacturing but also in sectors such as IT, tourism and healthcare, underscoring its versatility as a financial performance indicator, while also noting its limitations when used in isolation. For this study, ROI is therefore adopted as a high-level indicator of strategic financial performance. At the same time, EBIT is used alongside it to isolate the operational component of profitability when assessing Clicks' market expansion and private-label strategy.

Further support for ROI as a BI-sensitive performance metric is provided by a simulation-based study by Usman and Moinuddin (2025). Using hypothetical organisational profiles with low, medium, and high levels of business-intelligence integration, they showed that high BI maturity was associated with substantially stronger performance, including a simulated increase in ROI from 5.2% to 18.9%. Their results suggest that embedding business intelligence into supply chain and marketing decision-making enhances organisational agility, responsiveness and financial returns, reinforcing the view that data-driven decision-making can improve capital efficiency and profitability.

Consistent evidence is found in transition economies. In Montenegro, Melović et al. (2021) surveyed 171 firms. They used structural equation modelling and ANOVA to examine how marketing managers understand and apply financial and non-financial marketing metrics in strategic decision-making. They found that managers are

relatively familiar with both groups of metrics and that greater knowledge of metrics (including ROI, ROMI, and profitability) significantly increases their use in decision-making. Both financial metrics and customer-related non-financial metrics were perceived as necessary for strategic decisions, with non-financial (customer) indicators receiving slightly more emphasis. For this study, this implies that market-facing initiatives such as private-label expansion and loyalty programmes at Clicks should be tracked using ROI alongside customer metrics, so that the financial impact of strategic decisions on capital efficiency and competitiveness can be monitored over time.

In Gaza, Safi et al. (2024) combined survey data on senior management's financial intelligence with financial reports from banks and insurance companies, and used multiple regression to test its impact on financial performance. They found that several dimensions of financial intelligence had statistically significant positive effects on ROI, ROA, and ROE, indicating that financially intelligent leadership improves profitability. The authors recommended strengthening managers' financial intelligence and financial analysis skills to support better financial decision-making and stronger performance. For this study, the implication is that management's ability to interpret financial indicators and allocate capital remains a key factor in sustaining ROI gains as Clicks expands and diversifies.

In Nigeria, Isibor et al. (2024) employed a robust random-effects panel model on listed agriculture and oil and gas firms. They found that foreign-exchange appreciation and equity-price gains significantly increased ROI, whereas rising commodity prices significantly reduced it. These results reinforce ROI as a sensitive indicator of financial performance that responds directly to market and macroeconomic shocks. The authors recommended hedging commodity price exposures and actively managing interest-rate and currency risks to stabilise returns.

A related perspective extends ROI from traditional profitability analysis to value-based financial management. In Jordan, Alshehadeh et al. (2022) examined 13 listed insurance companies (2006–2019). They used multiple and simple regression to test whether traditional profitability indicators ROE, ROA, GPM and OPM explain Economic Value Added (EVA). They found that these ratios had a statistically significant positive impact on EVA, indicating that stronger accounting profitability is

associated with greater economic value creation. The authors therefore recommend that firms and regulators report and consider EVA alongside traditional ratios such as ROI and ROE when evaluating financial performance.

For this study, their evidence supports treating ROI not only as an accounting profitability ratio but also as a proxy for value-oriented performance when assessing whether Clicks' strategic decisions translated into shareholder value between 2015 and 2024.

In this study, ROI is an appropriate measure for assessing whether Clicks' pharmacy expansion, private-label growth, and market expansion translated into improved capital efficiency. EBIT and share price serve as complementary indicators, capturing the operational profitability of these strategic initiatives and the market's valuation of Clicks' long-term strategic performance.

2.2.3 Share price as a financial performance indicator

Share price is a forward-looking, market-based indicator of financial performance because it reflects investor sentiment, risk expectations, and assessments of strategic execution. Unlike accounting measures such as ROI and EBIT, market-based indicators capture how capital markets evaluate a firm's future profitability, resilience, and innovation (Batool et al., 2025). For listed firms such as Clicks, it serves as a real-time barometer of strategic success.

Song et al. (2021) examined how equity markets evaluated firm resilience during the COVID-19 shock in the U.S. restaurant industry. Using a panel dataset of 795 firm-week observations constructed from Yahoo Finance, 10-K filings, and proxy statements, the authors applied Generalised Estimating Equations (GEE) with Newey-West heteroscedasticity-robust errors to model weekly stock returns. Stock returns (percentage changes in dividend-adjusted closing share price) were used as the primary financial performance indicator, capturing real-time market reactions to firms' risk exposure, resilience, and managerial effectiveness. The pandemic significantly reduced share prices across the sector; however, firms with larger asset bases, higher leverage, stronger cash flows, and greater internationalisation experienced smaller valuation declines, suggesting greater investor confidence in their ability to withstand the shock. The authors argue that robust liquidity positions, prudent leverage management and international diversification help preserve shareholder value during

systemic disruptions. This provides empirical support for treating share price as a forward-looking, market-based financial performance indicator that reflects investor confidence in managerial decisions and strategic resilience. A comparable pattern is observed in emerging markets.

Rusmita et al. (2021) conducted a quantitative study in Indonesia examining the coal sub-sector of the mining industry to assess how internal financial performance translates into market valuation. Using data from 10 publicly listed firms on the Indonesia Stock Exchange (2015–2018), the authors applied multiple regression analysis in SPSS, with share price as the dependent variable and a primary market-based financial performance indicator. The model incorporated the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Equity (ROE) to identify which financial dimensions most strongly shaped investor valuation. The results showed that while liquidity (CR) and leverage (DER) had positive but statistically insignificant effects, ROE had a strong, positive, and highly significant effect on share price, and the full regression model explained 66.1% of price variation ($R^2 = 0.661$). This indicates that profitability efficiency is the dominant determinant of market valuation in the sub-sector, consistent with signalling theory, which holds that higher profitability reduces information asymmetry and strengthens investor confidence. The authors' findings suggest that firms with stronger profitability performance and transparent communication of these results are more likely to sustain favourable valuation outcomes. Overall, the study provides robust evidence that share price functions as a direct, market-based financial performance indicator that reflects both realised profitability and forward-looking investor expectations.

Beyond operational and market-signal factors, non-financial attributes also shape share-price-based performance. Ahmad et al. (2021) examined 351 FTSE 350 firms (2002–2018) using random-effects GLS and system GMM to assess the financial implications of ESG performance. Market value (defined as share price multiplied by shares outstanding) and EPS were used as the primary financial performance indicators. Across both static and dynamic models, total ESG scores had a positive and significant impact on market value and earnings. High-ESG firms consistently outperformed low-ESG firms, indicating that stronger ESG performance is associated with higher valuation. The authors argue that ESG reduces information asymmetry, enhances long-term orientation, and signals lower risk, contributing to improved

market-based performance. Overall, the study supports the view that share prices and the market values derived from them function as forward-looking indicators that incorporate investors' expectations about firms' sustainability practices and future financial prospects.

Sukesti et al. (2021) analysed 136 Indonesian manufacturing firms listed on the Indonesia Stock Exchange (2014–2018) using SEM-PLS (WarpPLS) to identify determinants of stock price as a proxy for firm value. They found that the DER, net profit margin (NPM), and ROA had positive and significant effects on share price, whereas firm size had no direct effect. ROA also mediated the impact of leverage, margins and firm size on stock price, highlighting profitability as the primary channel through which internal performance translates into market valuation. The authors recommended improving profitability and optimising capital structure to raise shareholder value, reinforcing that the share price is a market-based financial performance indicator shaped by investor perceptions of efficiency and financial strength.

In the present study, these findings reinforce the role of share price as a forward-looking, market-based indicator of financial performance. While ROI and EBIT capture internal profitability, share-price efficiency reflects investors' real-time assessment of strategic credibility, resilience and long-term value creation. Evaluated alongside accounting measures, share price trends provide a comprehensive view of whether Clicks' strategic decisions, such as pharmacy expansion, private-label growth, and digital transformation, were perceived by the market as value-enhancing.

2.3 Retail-Pharmacy Sector in South Africa

The South African retail-pharmacy sector reflects a hybrid model of healthcare and consumer service provision, shaped by regulatory design and evolving public health imperatives (Naidoo et al., 2021). Unlike more liberalised pharmacy markets in developed countries, South Africa imposes significant institutional controls on pricing, licensing, and professional compliance. These constraints shape firms' strategies for operational efficiency, service expansion, and financial sustainability (Competition Commission South Africa, 2021).

Central to this regulatory landscape is the SEP mechanism, introduced to promote price transparency and equitable access to medicines. Under this system, medicine prices are standardised at the point of sale, limiting retailers' ability to differentiate through price-based competition. This fixed-pricing regime forces pharmacy groups to focus on non-price dimensions of strategy, such as operational integration, supply-chain optimisation, and the development of private-label and generic medicines (Takawira & Mutambara, 2023). These constraints shift competitive advantage from pricing flexibility to structural and strategic efficiency (Carnini Pulino et al., 2022).

Licensing requirements, governed by the SAPC, also play a strategic role. New pharmacies must meet strict location, facility, and professional-staffing standards, which constrain geographic expansion, particularly in rural or underserved areas. As a result, market penetration is shaped not only by firm capacity but also by regulatory permission, creating barriers for smaller or independent operators and reinforcing the advantage of corporatised pharmacy chains with compliance infrastructure (SAPC, 2024).

Simultaneously, the introduction of the NHI framework has begun to reshape expectations regarding the roles of pharmacists in primary healthcare delivery. Policy proposals envision a model in which private pharmacies will be contracted to provide preventive and chronic-care services under the state-funded scheme (Department of Health, 2023). This potential shift requires firms to develop institutional readiness, including the integration of digital patient records, scalable clinical services, and compliance with public health protocols (Noutchie, 2025). For established retail chains, this represents both a regulatory risk and a strategic opportunity. Those already aligned with healthcare service delivery through in-store clinics or pharmacy-based chronic disease management are better positioned to integrate into future NHI arrangements (Naidoo et al., 2021).

The sector's competitive structure is increasingly concentrated. According to the Competition Commission (2021), Clicks and Dis-Chem account for the majority of dispensary revenue, with smaller participation by corporate-linked and independent outlets. While this level of concentration has raised concerns about barriers to entry, it also reflects the capital and compliance requirements necessary to operate under current regulations. Strategic differentiation is evident among market participants. Dis-

Chem favours a high-volume, warehouse-style format; MediRite leverages its grocery footprint to target lower-income segments; and Clicks adopts a more integrated approach, combining private-label innovation, in-store clinical services, and vertically aligned logistics (Clicks, 2024).

Despite revenue growth and expanded service offerings, the sector continues to face structural challenges. Economic inequality affects consumer access to private healthcare, and the scope of permissible services remains limited by legislation. The Medicines and Related Substances Act (No. 101 of 1965) and related health policy frameworks constrain what products and services pharmacies may offer, while also stipulating professional standards and inspection criteria (Competition Commission South Africa, 2021). These regulatory dynamics place pressure on firms to manage compliance costs while remaining responsive to public health needs and shifting consumer expectations (Ahmad et al., 2021).

Retail pharmacies are also responding to broader shifts in healthcare delivery, including the decentralisation of care, increasing consumer preference for convenience, and demand for digital engagement. In this setting, firms are adopting strategies that prioritise innovation, digitalisation, and customer retention (Purohit, 2024). The performance of these strategies under regulatory constraints offers fertile ground for empirical investigation. In this regard, the Clicks case provides a unique opportunity to examine how strategic decisions unfold amid regulatory complexity and market concentration. As the sector continues to evolve in response to policy shifts and public health demands, understanding the impact of strategy on financial performance becomes essential for both academic inquiry and managerial decision-making (Grishunin et al., 2023; Musa, 2024).

2.4 Theoretical Framework

2.4.1 Introduction to Strategy-Performance Theories

Understanding the relationship between strategic management decisions and financial performance requires a coherent theoretical foundation that captures the complexity of organisational behaviour within regulated environments. The South African retail-pharmacy sector presents a hybrid structure, combining features of consumer-facing

retail with those of highly regulated healthcare delivery. Strategic decisions in this context are shaped not only by market dynamics but also by institutional constraints such as the SEP system, pharmacy licensing regulations, and national health policy reforms.

The use of theoretical frameworks serves two primary purposes in this study. First, it provides explanatory mechanisms for how internal resources and external market positioning translate into financial outcomes such as EBIT, ROI, revenue growth, and share price. Second, it allows for structured interpretation of empirical results by linking observed performance to established constructs in strategic management literature.

Given the sector's dual exposure to commercial competition and regulatory oversight, a single theory may offer only partial insight. This study draws primarily on the Resource-Based View and Porter's (1980) Generic Strategies as its main interpretive frameworks, with Dynamic Capabilities Theory providing contextual insight into strategic adaptation over time. Each framework contributes a distinct interpretive function: RBV identifies internal sources of advantage; Porter (1980) outlines mechanisms of competitive positioning; and Dynamic Capabilities explains adaptive processes in response to environmental volatility. This integrated approach allows for a more comprehensive analysis of how strategic decisions contribute to firm-level financial performance in an emerging-market, policy-constrained setting.

2.4.2 Porter's (1980) Generic Strategies

Porter's (1980) Generic Strategies framework remains one of the most widely adopted models for explaining how firms achieve and sustain competitive advantage. The framework posits that superior performance can be attained by pursuing one of three primary strategic positions: cost leadership, differentiation, or focus. Cost leadership involves achieving efficiency through economies of scale, operational optimisation, and input-cost control. Differentiation entails offering unique value through branding, customer service, innovation, or other perceived benefits. The focus strategy centres on targeting a specific market segment, either through cost or differentiation, to better meet its needs than broad competitors.

Within the retail-pharmacy sector, the application of this framework has yielded valuable insights. In the case of Clicks Group Limited, cost leadership is evident through its vertically integrated supply chain, private-label generics, and pricing aligned with regulatory constraints, such as the SEP. Differentiation is reflected in its nationwide clinic network, digital engagement platforms, loyalty programmes, and customer-centric service delivery. These strategic elements enhance customer retention, increase store traffic, and expand health-service penetration, thereby supporting financial performance.

However, the framework has been critiqued for its limited applicability in highly dynamic or regulated environments. Porter's (1980) model assumes relatively stable competitive conditions and clear strategic boundaries, which are often absent in sectors such as healthcare retail, where policy reforms, licensing rules, and pricing regulations constrain strategic discretion. It also underplays the role of internal capabilities in shaping competitive advantage, a gap addressed by complementary theories such as the RBV and Dynamic Capabilities Theory (Teece, 2007; Gerhart & Feng, 2021). In South Africa's pharmaceutical sector, regulatory mechanisms such as the SEP constrain pricing autonomy, prompting firms to rely more on service innovation, integration, and operational excellence than on conventional cost-based or differentiation-based positioning.

Despite the limitations noted above, Porter's (1980) framework continues to offer significant analytical utility for understanding how firms respond to competitive pressures, particularly in sectors characterised by cost sensitivity and customer heterogeneity. Its structured typology allows researchers and practitioners to evaluate how firms organise their strategies to achieve differentiation, cost efficiency, or both. In the context of Clicks Group Limited, this framework illuminates how the organisation has adopted a hybridised approach, blending elements of cost leadership and differentiation without diluting strategic coherence.

Clicks achieves cost efficiency through vertical integration, particularly via its ownership of UPD, which reduces procurement costs and enhances supply reliability. This is further reinforced by its private-label product range, which improves gross margins and offers price-sensitive consumers affordable alternatives within regulated pricing environments (Clicks, 2024). These features align with Porter's (1985) cost-

leadership principles, in which scale and process efficiencies are key drivers of competitive advantage (Porter, 1985).

At the same time, Clicks differentiates itself through in-store clinics, customer service innovations, and loyalty platforms, notably the ClubCard programme, which incentivises repeat purchases and deepens customer engagement. These initiatives align with differentiation strategies emphasising brand experience, convenience, and personalised service (Islami et al., 2020). The coexistence of both strategic orientations reflects emerging scholarship, which argues that hybrid strategies, when well-executed, do not necessarily result in being "stuck in the middle" as Porter (1980) initially warned, but can produce superior performance in complex, competitive markets (Spencer et al., 2016; Kim et al., 2004).

This strategic duality is particularly relevant in South Africa's retail-pharmacy sector, where firms must balance compliance with the SEP regime and stringent licensing standards with competition on value-added services and brand loyalty. Porter's (1980) model, while not accounting for all institutional variables, provides a foundational lens for interpreting how resource-based advantages are mobilised into market-facing strategies. It also helps explain variation in firm performance, as firms that fail to adopt coherent positioning often underperform relative to those that articulate and implement clear cost or differentiation strategies (Riaz, 2024; Takawira & Mutambara, 2023). As such, the model retains explanatory power when combined with complementary perspectives that capture internal capabilities and institutional dynamics.

While Porter's (1980) Generic Strategies have shaped foundational thinking on competitive positioning, the framework has drawn criticism for its limited applicability in volatile, regulated, or innovation-intensive industries. Its assumption of stable market structures and clear strategic boundaries often fails to capture the complexity of contemporary organisational environments. As a result, several alternative frameworks have emerged that extend, challenge, or refine Porter's (1980) model by incorporating internal capabilities, environmental dynamism, and institutional constraints.

2.4.3 Resource-Based View (RBV)

The RBV emerged as a dominant framework in strategic management through the foundational contributions of Wernerfelt (1984) and Barney (1991). RBV argues that firms achieve sustained competitive advantage by acquiring and deploying resources that are valuable, rare, inimitable, and non-substitutable. Unlike externally focused models such as Porter's (1980) Generic Strategies, RBV emphasises internal firm-specific attributes as the primary source of performance heterogeneity across organisations.

In regulated and capability-dependent industries, such as retail-pharmacy, RBV offers an explanatory logic for how firms outperform competitors despite constrained market structures. Strategic resources in this context may include vertically integrated supply chains, proprietary pharmacy systems, brand loyalty programmes, data analytics infrastructure, and professional human capital. These intangible assets are often path-dependent, difficult to replicate, and embedded in the firm's organisational routines and culture.

Empirical literature supports the performance relevance of RBV in both developed and emerging markets. Huang et al. (2015) demonstrate that internal knowledge systems and customer-centric innovations significantly enhance profitability in healthcare firms. Arbelo et al. (2021) show that profit efficiency in retailing depends on the degree to which firms exploit their internal resource base. Similarly, Gerhart and Feng (2021) emphasise that intangible resources such as brand equity, digital systems, and workforce capabilities materially shape firm-level outcomes.

In emerging markets, the RBV has gained renewed attention for its ability to explain performance under institutional and infrastructural constraints. Engidaw (2021) finds that in African small and medium enterprises, internal capabilities, including innovation, workforce quality, and operational processes, are stronger predictors of performance than external conditions. Riaz (2024) reinforces this by arguing that competitive advantage in volatile environments depends not on positional advantage, but on the strategic deployment of firm-specific competencies in response to instability.

In the case of Clicks Group Limited, RBV provides a sound theoretical foundation for interpreting strategic initiatives. Pharmacy integration can be understood as the deployment of VRIN-type resources, such as licensing, clinical infrastructure, and operational protocols that competitors do not easily replicate. Market expansion is supported by proprietary distribution networks, geographic footprint, and customer database systems, while product innovation draws upon private-label development capabilities, supplier relationships, and consumer analytics. The firm's vertically integrated logistics system, owned through UPD, strengthens both operational efficiency and value chain control, characteristics consistent with the RBV's criteria for sustainable advantage.

Given the regulatory conditions in South Africa, RBV's emphasis on internally controlled resources aligns with the strategic constraints and opportunities faced by retail-pharmacy firms. SEP regulation, licensing requirements, and compliance norms restrict the flexibility of market-based strategies, thereby enhancing the salience of internal capabilities. In this context, RBV offers explanatory power in understanding how firms such as Clicks convert resource configurations into long-term performance outcomes, including EBIT growth, improved ROI, and capital market valuation.

2.4.4 Dynamic Capabilities Theory

DCT, advanced by Teece et al. (1997), extends the RBV by focusing on how firms renew, reconfigure, and adapt their internal capabilities in response to environmental change. While the RBV explains performance in terms of what firms have, the dynamic capabilities framework explains performance in terms of what firms can do to respond to shifts in policy, competition, and technology. In this sense, dynamic capabilities represent a firm's ability to sense opportunities or threats, seize them through timely resource mobilisation, and transform or reconfigure routines to maintain strategic relevance (Teece, 2007).

The framework is particularly relevant in sectors facing regulatory volatility and technological acceleration. In South Africa's retail-pharmacy market, changes such as the implementation of the NHI and the SEP system, and evolving consumer digital expectations, require firms not only to possess resources but also to adapt and reapply them over time. Research in emerging markets confirms that firms with stronger

adaptive capacity, such as rapid product innovation, digital integration, or flexible supply-chain configuration, outperform those with more static capabilities (Shibin et al., 2021; Ambrosini & Altintas, 2019). These studies highlight that the ability to reconfigure internal processes in response to institutional constraints distinguishes long-term financial performers from short-term responders.

In the case of Clicks, dynamic capabilities are evident in its transition from a retail-focused business to an integrated healthcare platform. The company's iterative expansion of pharmacy services, the rollout of online prescription fulfilment, and the extension of chronic-care clinics demonstrate its ability to modify internal structures in response to regulatory and consumer changes. The acquisition of UPD allowed Clicks to internalise distribution logistics. At the same time, its continuous adjustment of private-label offerings in response to consumer demand signals shows how strategic transformation supports both market responsiveness and profitability.

Dynamic capabilities thus bridge the static nature of Porter's (1980) positioning and the RBV's focus on resource possession. They explain how Clicks reconfigures and aligns its strategic actions with shifting sectoral conditions. In regulated markets such as South Africa's, where constraints on pricing and licensing limit strategic flexibility, firms that can reconfigure their internal structures more efficiently are better positioned to sustain performance. As such, DCT strengthens this study's theoretical grounding by offering a processual explanation of strategy-performance linkages over time.

While DCT offers valuable insight into how firms adapt, reconfigure resources, and sustain performance over time, it is not employed as a primary analytical framework in this study. The empirical design focuses on observable strategic decisions and financial outcomes rather than internal managerial processes such as sensing, seizing, or reconfiguring. As such, DCT is included to contextualise the temporal and adaptive dimensions of strategy execution, complementing the RBV rather than serving as a standalone explanatory model.

2.4.5 Comparative Assessment of Theories

This study integrates three theoretical perspectives to analyse the relationship between strategic management decisions and financial performance. Each offers

distinct explanatory strengths and addresses different dimensions of strategic behaviour.

The RBV provides the foundational logic for identifying which internal resources and capabilities underpin sustained performance. RBV concerns the firm's capacity to develop and deploy valuable, rare, inimitable, and non-substitutable assets. Within the context of Clicks, this includes capabilities such as private-label development, vertically integrated supply chains, customer analytics infrastructure, and brand reputation. RBV is particularly effective in explaining how firm-level differences in internal competence result in differential performance outcomes, even under similar market conditions. However, RBV assumes relatively stable environments and offers limited guidance on how firms adapt these capabilities when external conditions change.

Porter's (1980) Generic Strategies addresses this gap by explaining how internal capabilities are used to compete in the external environment. It categorises competitive behaviour into cost leadership, differentiation, or focus. For Clicks, this framework clarifies how strategic positioning is achieved through cost optimisation via private-label and distribution efficiencies, and through differentiation through pharmacy-based healthcare, loyalty programmes, and digital channels. While Porter's (1980) framework is analytically useful for identifying the firm's strategic stance, it has limitations. It assumes discrete and static strategy types and does not fully accommodate firms that combine cost and differentiation strategies, as Clicks has done. Moreover, it provides limited insight into how competitive strategies evolve in response to regulatory or structural change.

DCT addresses these limitations by focusing on how firms adapt over time. It conceptualises performance not only as the result of valuable resources or competitive positioning but also as a function of the firm's ability to sense opportunities, seize them through timely action, and reconfigure internal capabilities as conditions shift. This is particularly relevant to the South African retail-pharmacy sector, where external pressures, including regulatory change, rising healthcare demand, and technological disruption, require continuous strategic recalibration. DCT offers a temporal dimension absent in both the RBV and Porter (1980), explaining how Clicks sustains competitive

advantage through ongoing innovation in digital access, clinic integration, and private-label product adaptation.

By integrating these three perspectives, the study captures a more complete view of strategic behaviour. RBV explains what capabilities matter, Porter (1980) clarifies how those capabilities are deployed competitively, and DCT accounts for how firms evolve and adapt those capabilities over time. In isolation, each theory has analytical gaps. In combination, they provide a more coherent and multi-dimensional framework for understanding how Clicks' strategic decisions influenced its financial performance between 2015 and 2024.

2.4.6 Theoretical Fit for This Study

The integration of the RBV, Porter's (1980) Generic Strategies, and DCV provides an analytically coherent framework for evaluating Clicks Group Limited's strategic management decisions. This combined approach is well-suited to the study's focus on a regulated, hybrid sector where both internal competencies and market-facing strategies interact with institutional constraints.

RBV is particularly relevant for identifying how Clicks' performance outcomes are linked to specific internal capabilities. The firm's investment in vertically integrated logistics, private-label development, and data infrastructure represents resource configurations that meet the VRIN criteria. These capabilities are central to sustained operational efficiency, margin enhancement, and customer loyalty. However, RBV alone does not explain how these resources are transformed into competitive advantage or how they are adapted over time.

Porter's (1980) framework extends the analysis by clarifying how Clicks applies its internal resources to pursue competitive positioning. The firm's cost-control measures, such as reliance on private-label products and efficient supply chains, align with cost-leadership principles. At the same time, its investment in pharmacy clinics, digital platforms, and branded service offerings supports a differentiation strategy. Porter's (1980) model helps to categorise and interpret these choices in terms of their intended market effects. Still, its static structure limits its usefulness for explaining strategic change or navigating institutional pressures.

DCT addresses this final gap by explaining how Clicks adapts its resource base and competitive orientation in response to environmental shifts. The firm's responsiveness to regulatory reforms, such as SEP policy constraints, and its proactive engagement with emerging service models, such as e-health and chronic-care support, illustrate its capacity for strategic reconfiguration. Neither RBV nor Porter (1980) fully accounts for these adaptive behaviours, yet they are critical to understanding sustained performance in the South African context.

The combined use of these three theories allows the study to interpret Clicks' strategy-performance linkages from structural, behavioural, and temporal perspectives. RBV provides the basis for identifying key capabilities. Porter (1980) clarifies how these are deployed to create value in the market. DCT explains how these configurations are modified in response to internal and external pressures. While each theory has limitations in isolation, their integrated application offers a more comprehensive and contextually appropriate framework for analysing the relationship between strategic management decisions and financial performance in South Africa's regulated retail-pharmacy sector.

2.5 Strategic decisions and financial performance

Strategic decisions represent deliberate organisational actions intended to improve competitiveness, operational effectiveness, and long-term financial sustainability. In both developed and emerging economies, a growing body of literature demonstrates that strategic initiatives such as market expansion, innovation investment, digital transformation, and supply-chain optimisation contribute directly to improved financial outcomes. Empirical studies across sectors show that firms that successfully align strategic initiatives with organisational capabilities tend to achieve stronger profitability and market performance. For instance, Albao et al. (2025) highlight the relationship between organisational strategies and operating profitability, while Praharsi et al. (2025) emphasise that performance measurement frameworks increasingly incorporate indicators such as EBIT and revenue growth to evaluate the outcomes of strategic initiatives.

Similarly, studies conducted in emerging markets demonstrate that organisational strategies aimed at improving efficiency, innovation, and financial intelligence significantly influence firm-level performance outcomes. Safi et al. (2024) and Isibor et

al. (2024) both emphasise the role of managerial capabilities and strategic responsiveness in shaping financial performance indicators such as ROI and profitability. These findings suggest that strategic decision-making remains a key driver of organisational success, particularly in sectors operating under regulatory constraints and competitive pressures. Consequently, understanding how specific strategic initiatives influence financial outcomes provides important insights into how firms sustain competitiveness and financial resilience over time.

2.5.1 Impact of strategic decisions on ROI, EBIT, and share price

Studies show that profitability-driven strategies strongly influence ROI and value creation (Alshehadeh et al., 2022), while governance and operational decisions significantly shape EBIT outcomes across sectors (Tapa & Mazlan, 2024). Market-based indicators follow a similar pattern; empirical evidence from both developed and emerging economies demonstrates that strategic choices affecting liquidity, leverage, innovation, and resilience directly translate into share-price performance (Song et al., 2021; Rusmita et al., 2021). However, the pathways through which these financial metrics respond to strategic choices vary across sectors, reflecting differences in market dynamics, operational priorities, and managerial control systems.

In India, Yadav et al. (2024) demonstrated that marketing-related strategic decisions directly enhance ROI. Drawing on a quantitative survey of 142 marketing managers and applying multiple regression analysis, the authors found that targeted promotional strategies, customer-centric campaigns, and loyalty programmes improved ROI stimulating sales conversion and repeat patronage. Their recommendation to institutionalise ROI within marketing planning underscores its role as a feedback mechanism linking promotional efficiency to profitability, thereby ensuring that strategic marketing expenditure translates into measurable financial returns.

Biswas (2020) applied DuPont decomposition to 58 manufacturing firms in India to identify the internal levers driving ROI. The study showed that asset utilisation efficiency and EBIT margins are the primary determinants of ROI, suggesting that ROI improvements depend on strategic decisions governing operational control and resource deployment. Biswas (2020) thus links ROI and EBIT directly, implying that EBIT trends reflecting operational profitability serve as early indicators of strategic effectiveness.

Extending the analysis to international operations, Choi et al. (2025) examined operational efficiency and EBIT margin optimisation in global supply chains across South Korea and the United States (2010–2022). Using cross-country panel regression, they found that lean inventory systems and digital logistics platforms significantly raised EBIT margins and, over time, enhanced ROI. Their recommendation that firms treat supply-chain digitisation as a strategic investment rather than a cost underscores how technology-enabled operational decisions improve both short-term EBIT and long-term capital efficiency (ROI). In contrast to Biswas (2020), who focused on manufacturing efficiency within firms, Choi et al. (2025) highlight cross-border digital integration as a macro-strategic decision for profitability and scalability.

Shifting the lens toward market valuation, Vora (2022) analysed the financial ratios and share price behaviour of 102 companies listed on India's National Stock Exchange (NSE) through panel regression. The study found that ROI exhibited a stronger positive correlation with share price ($r = 0.71$) than EBIT or earnings per share (EPS), suggesting that investors reward sustainable profitability (ROI) more than short-term earnings volatility (EBIT). This finding is significant because it positions ROI as a strategic signal to capital markets, translating internal efficiency into investor confidence and stock appreciation.

Ziyad and Sudrajad (2025) used a mixed-method analysis of PT XYZ's 2021–2023 financial statements, strategic planning documents, and FCFF valuation scenarios to assess how long-term strategic initiatives affect financial performance. The study directly measures ROI using EBIT-based profitability ratios, evaluates trends in operational efficiency, and estimates intrinsic firm value (a proxy for market valuation/share price) across optimistic, moderate, and pessimistic scenarios. Results show that strategic decisions, particularly infrastructure investment, logistics expansion, and diversification into renewable energy, significantly influence EBIT levels, contribute to improvements in ROI and other financial ratios, and underpin the company's upgrade in overall financial health from AA to AAA, as well as higher implied equity value. The study concludes that the company's valuation is highly sensitive to execution timelines for strategic initiatives, with delayed infrastructure projects sharply reducing future value. It recommends prioritising timely project delivery, aligning financing with long-term strategy, and accelerating diversification to stabilise profitability and bolster future market valuation.

Evidence from Nigeria indicates that other strategic choices, specifically vertical integration, can directly enhance both ROI and EBIT when operational efficiency improves. Clinton-Etim and Manishimwe (2021) conducted a case study of Olam Nigeria Limited, combining secondary financial data (2010–2018) with a survey of 175 employees, which was analysed using descriptive statistics and regression. Methodologically, they measured vertical integration (upstream and downstream) against financial performance indicators, specifically ROI and EBIT (no share-price/market valuation variables are included). Findings indicate that both upstream and downstream integration practices have a statistically significant positive effect on ROI and EBIT, suggesting that tighter value-chain control improves profitability and returns on investment. The authors conclude that vertical integration is an effective strategic management decision in an emerging-market agribusiness context, strengthening financial performance when properly designed. They recommend that firms in similar African emerging economies selectively adopt vertical integration, guided by transaction-cost and resource-based considerations and cost-benefit analysis, to enhance ROI and EBIT while remaining cautious about capital intensity and risk.

Strategic influence on market valuation can also be negative, as illustrated by Unilever Indonesia's case, where delayed digitalisation and weak supply-chain positioning contributed to declining profitability and a depressed share price. Jota et al. (2025) analysed PT Unilever Indonesia Tbk (Indonesia) over 2020–2024 using a qualitative descriptive case study based on secondary financial statements, macro data, ratio analysis, and DCF/DDM stock valuation. They show that macroeconomic shocks (inflation, rupiah depreciation), rising costs, and strategic weaknesses (slow digitalisation, supply-chain dependence on imports, intense local competition) reduced revenue, net profit, margins, and ROA/ROE, and depressed the share price, even though DCF/DDM indicate that the stock is undervalued. Although they do not explicitly model ROI or EBIT, the analysis links strategic and macro pressures to declining profitability and weak stock performance, which is conceptually similar to adverse movements in ROI/EBIT and in market valuation. The study recommends strategic actions: diversifying the supply chain, accelerating digital transformation in marketing/distribution, expanding into health and wellness products, strengthening risk management for macroeconomic shocks, and optimising costs to restore profitability and support long-term shareholder value. These dynamics parallel broader sectoral

evidence, with Ferrari et al. (2025) showing that forward-looking strategic decisions, such as enhancing ESG performance, can strengthen ROI and reduce risk in innovation-driven industries.

Ferrari et al. (2025) analysed technology and telecommunications firms in the Euro Stoxx 600 in Italy (2016–2021) using a machine-learning regression approach (Random Forest + SHAP) to examine how ESG ratings affect financial performance. Financial performance was measured solely by ROI and Conditional Beta (systematic risk), not by EBIT or share price. The study finds that ESG factors, especially the Social (S) pillar, significantly contribute to ROI, indicating that stronger ESG practices are associated with higher short-term profitability in innovation-driven sectors. Results also show that ESG factors reduce systematic risk, suggesting that sustainable practices strengthen resilience for highly innovative firms. The authors recommend sector-specific ESG strategies, stronger ESG integration into corporate decision-making, and further research spanning longer time horizons and incorporating additional financial indicators.

Finally, the link between strategic decision-making and financial outcomes extends into investment strategy itself, with Ramos et al. (2024) demonstrating that multi-factor strategic portfolio designs can systematically improve ROI relative to market benchmarks. Ramos et al. (2024) computationally back-tested several factor-based portfolio strategies (Dogs of the Dow, Magic Formula, Winners–Losers, F-Score and a new “Magical Bambu”) on STOXX Europe 600 data from 2015 to June 2024 using the Qrumble Python framework. They evaluated performance primarily using ROI, Sharpe ratio, alpha, beta, VaR, and TVaR, and compared different weighting schemes (equally weighted, value-weighted, minimum-variance, and market/tangent portfolios). The key finding is that tailor-made, multi-factor strategies, especially Magical Bambu, which blends fundamental factors (including EBIT via ROC/ROA, asset turnover, yields) with momentum, can deliver higher ROI and risk-adjusted returns than the market, particularly in value-weighted form. The study does not directly analyse EBIT or share price as outcome variables. Still, it uses earnings-based ratios and price- based returns to show how strategic portfolio design and factor tilts affect investment profitability and risk. It recommends that investors and banks customise factor combinations and portfolio weights to investor risk profiles, using multi-factor strategies such as Magical Bambu as a template, and that they stress-test them across different market conditions before implementation.

Across the reviewed evidence, strategic decisions consistently shape ROI, EBIT, and share price through distinct but interconnected channels. Profitability-focused and operational strategies enhance internal performance: ROI improves when firms strengthen asset utilisation, cost efficiency, or operational control (Alshehadeh et al., 2022; Biswas, 2020), while governance quality, process optimisation, and digital or supply-chain innovations raise EBIT and long-term efficiency (Choi et al., 2025; Tapa & Mazlan, 2024). Value-chain decisions, such as vertical integration in emerging-market contexts, further demonstrate that tighter operational control simultaneously improves ROI and EBIT (Clinton-Etim & Manishimwe, 2021).

At the capital-market level, investors reward firms that maintain liquidity, resilience, and consistent profitability, with ROI showing a stronger link to share-price performance than to short-term earnings fluctuations (Vora, 2022; Song et al., 2021; Rusmita et al., 2021). Conversely, strategic delays or weak digitisation can depress valuation even when underlying fundamentals suggest long-term potential (Jota et al., 2025). Forward-looking initiatives such as ESG commitments (Ferrari et al., 2025) and multi-factor investment strategies that strengthen profitability metrics (Ramos et al., 2024) further reinforce ROI as a credible signal of strategic effectiveness and risk management. Overall, the studies converge in showing that strategic decisions rooted in efficiency, innovation, governance quality, and resilience systematically enhance ROI, shape EBIT, and influence market valuation across diverse contexts.

2.5.2 Impact of strategic decisions on revenue growth

Aljohani (2023) examined how strategic digitisation initiatives, specifically, the integration of predictive analytics and real-time machine learning into supply-chain management, enhance firms' operational responsiveness and revenue performance. Using a design-based analytical approach supported by multi-industry case evidence, the study developed a predictive analytics framework that incorporates time-series forecasting, regression modelling, and anomaly detection to anticipate and mitigate supply-chain disruptions. The findings showed that real-time analytics significantly reduced stock-outs, lead-time variability and forecast errors, thereby improving service levels and supporting higher sales performance. The study concluded that such digitisation initiatives function as strategic management decisions that translate operational agility into measurable top-line benefits. It is recommended that real-time

data pipelines, early-warning mechanisms, and continuous model retraining be embedded in the supply chain strategy to ensure that predictive decision-making directly contributes to revenue growth.

Building on this evidence of technology-driven revenue gains, Gao et al. (2023) provide complementary findings from the context of micro, small, and medium-sized enterprises (MSMEs). Gao et al. (2023) conducted a quantitative study of 212 MSMEs in Bangladesh using Partial Least Squares Structural Equation Modelling (PLS-SEM) to assess how strategic management decisions related to e-commerce (ECA) and digital marketing adoption (DMA) influenced financial and sustainability performance during the COVID-19 period. Guided by the RBV, the study found that both ECA and DMA had strong, positive, and significant effects on financial performance ($\beta = 0.332$ and $\beta = 0.444$, $p < 0.001$) by expanding market reach, lowering transaction costs, and enhancing customer engagement, all of which directly boosted sales and revenue growth. Furthermore, profitability mediated the link between digital adoption and sustainability outcomes, indicating that revenue gains from strategic digital decisions financed longer-term sustainability efforts. Recommendations included institutionalising e-commerce and digital marketing as core business strategies, enhancing digital competencies, and aligning technology adoption with corporate objectives to achieve sustained revenue growth and competitiveness.

Similarly, extending this evidence on the revenue effects of digital strategic choices, Teng et al. (2022) conducted a quantitative study in China involving 335 small and medium-sized enterprises (SMEs) using Structural Equation Modelling (SEM) to investigate how digital transformation strategies, digital technologies, and workforce digital skills influence financial performance. Grounded in the RBV, the study found that a digital transformation strategy had the strongest positive and significant effect on financial performance ($\beta = 0.615$, $p < 0.01$), followed by digital technology adoption ($\beta = 0.138$, $p < 0.05$). These results suggest that strategic management decisions to embed digital transformation into corporate strategy, rather than relying on isolated technologies, enhance overall financial performance (including revenue-generating capacity) through efficiency gains and technology-enabled innovation. While employee digital skills did not directly increase financial performance, they significantly strengthened digital transformation capabilities, indicating that skills are an essential enabling resource, even if their impact on financial outcomes has not yet been fully

realised in the model.

Building on Teng et al.'s (2022) evidence that digital transformation strategies enhance firm-level financial outcomes, Pascucci et al. (2023) extend this insight by showing how DT reshapes marketing processes and customer engagement to drive revenue growth. Pascucci et al. (2023) conducted a qualitative multiple-case study in Italy of

11 firms across manufacturing, retail, and services to explore how digital transformation (DT) reshapes marketing processes, customer engagement, and value creation. Using semi-structured interviews with senior managers and cross-case thematic analysis, the authors found that strategic digitisation decisions, such as adopting CRM systems, leveraging social media, implementing omnichannel communication, and integrating digital tools into product and service design, significantly enhanced firms' market responsiveness, customer interaction quality, and brand visibility. Although the study did not quantify revenue effects, it demonstrated that digital transformation strengthens capabilities that drive revenue growth, including personalised communication, improved time-to-market, deeper customer insights, and greater customer participation in the value-creation process. The authors concluded that DT should be embedded as a core strategic process requiring cultural change, cross-functional integration, and the development of new digital competencies to sustain market competitiveness and long-term financial gains.

Gielens et al. (2021) broaden this perspective using a conceptual, case-based review of leading retailers such as Amazon, Walmart, Tesco, Costco and Target. They argue that the strategic decision to develop Smart Private Labels (Smart PLs) supported by data analytics, digital technologies, product innovation, and omnichannel integration can accelerate revenue growth by increasing conversion rates, deepening customer loyalty, expanding market share, and creating sizeable, recurring private-label revenue streams. Rather than viewing private labels purely as a cost-saving tool, the authors position PL strategy as a deliberate revenue-growth engine. They recommend embedding PL development in corporate strategy, investing in analytics and digital infrastructure, and carefully balancing value, standard and premium private-label tiers to protect margins. In this way, a digitally enabled private-label strategy is framed as a high-impact strategic management decision that supports sustained revenue growth and long-term competitive advantage.

Teasdale et al. (2022) conducted a quantitative observational study using nationwide

U.S. pharmacy claims from 58,332 pharmacies across 14,421 zip codes (2014–2019) to examine trends and determinants of retail drug prices. Using multivariable linear regression and the Herfindahl–Hirschman Index (HHI) as a measure of competition, they found that generic acquisition costs fell by approximately 30.6%. Yet median cash prices rose by 6.6%, and overall markups increased by 22% ($p < 0.001$). For branded drugs, both acquisition costs and cash prices increased sharply (around 84%), indicating that price escalation was being driven earlier in the supply chain. Local pharmacy competition and median income explained little of price levels or price dispersion.

In contrast, chain pharmacies charged, on average, about 70% higher prices for generics and 11% higher prices for branded drugs than independents. The authors conclude that opaque retail pricing practices and the pharmacy-benefit model, rather than local competition, primarily shape consumer-facing drug costs, and argue for greater price transparency and cash-pay alternatives to pass on savings to patients. In the present study, Teasdale et al. (2022) underscore that retail pricing and markup policy are strategic management decisions with direct implications for revenue and margins in high-volume generic and chronic-care categories.

Extending the argument that retail pharmacies actively shape financial outcomes through strategic choices, subsequent evidence shows that firms also rely on customer loyalty and private-label strategies as complementary drivers of sustained revenue performance. Tandiono and Agus (2024) conducted a quantitative study in Indonesia to examine how strategic retail decisions influence customer loyalty in Watsons pharmacy stores. Using SEM on survey data from 232 customers, the authors tested the effects of in-store experience, membership programmes, and private-label (PL) usage on loyalty. Only the private-label strategy showed a strong, significant positive effect on customer loyalty ($p < 0.005$), indicating that PL development is a powerful decision for repeat purchases and retention. In contrast, in- store experience and membership programmes did not significantly increase loyalty, suggesting that these initiatives require deeper personalisation and more compelling value to affect behaviour. Although the study measures loyalty rather than revenue directly, the authors argue that stronger loyalty and PL uptake enhance store differentiation and profit margins, implying that private-label branding is a high-impact strategic tool for supporting long-term revenue growth in modern retail pharmacy.

Lee et al. (2022) conducted a quantitative cross-sectional study of 56 manufacturing firms in Malaysia to assess how digital supply-chain (DSC) strategies influence financial and organisational performance. Using Partial Least Squares Structural Equation Modelling (PLS-SEM), the authors found that strategic management decisions to invest in digitalisation, automation, and real-time data analytics improved supply-chain responsiveness, delivery reliability, and cost efficiency, thereby enhancing EBIT and annual revenue growth. Although the direct impact of DSC initiatives on performance was not statistically significant, the mediating effect of supply-chain performance was significant ($p < 0.05$), confirming that strategic digital transformation indirectly drives revenue growth through improved capabilities. The study validated prior evidence that DSC adoption can increase EBIT by 3.2% and annual revenue by 2.3%. Recommendations included aligning digital initiatives with supply-chain objectives, strengthening managerial and technical skills, and institutionalising real-time data systems to sustain performance gains. The authors emphasised that digital supply-chain adoption represents a strategic management decision that converts operational agility into measurable top-line growth.

Latifi et al. (2021) conducted a cross-industry quantitative study across 563 SMEs in 13 European countries to examine how business model innovation (BMI) affects firm performance. Using PLS-SEM, the authors examined how BMI, measured through new value creation, delivery, and revenue-capture mechanisms, translates into financial outcomes. Findings showed that BMI significantly improves firm performance, but its impact operates entirely through revenue growth, which emerged as the strongest causal pathway ($\beta = 0.45$, $p < 0.001$). Innovation enhanced revenue by enabling new markets, new pricing mechanisms, and diversified revenue models. Revenue growth then improved overall firm performance ($\beta = 0.21$, $p < 0.001$), demonstrating that strategic business-model redesign drives financial results primarily through revenue growth rather than through structural change alone. Recommendations include treating BMI as a deliberate strategic growth decision, designing business models that introduce new markets and revenue streams, and developing dynamic capabilities such as learning, opportunity recognition, and entrepreneurial orientation to convert BMI into measurable sales and financial performance. The study concludes that strategic business-model innovation is a high-impact decision for sustained revenue growth and competitiveness.

Chatterjee et al. (2022) conducted a cross-country quantitative study involving 317 respondents from 12 multinational firms across Asia-Pacific, Europe, and the U.S. Using PLS-SEM, the study examined how Big Data Analytics (BDA) and Customer Relationship Management (CRM) capability interact to shape strategic sales and revenue performance. Findings showed that strategic investment in BDA, especially in personalisation and real-time analytics, significantly strengthens CRM capability, thereby improving sales growth, customer retention, and market responsiveness (R^2 = 0.66). CRM capability mediated the effect of BDA on performance, demonstrating that data-driven strategic decisions increase revenue by converting customer insights into repeat purchases and stronger loyalty. Leadership support further amplified these revenue gains, indicating that organisational alignment enhances the payoff from analytics-driven strategic initiatives. Recommendations include integrating BDA and CRM as core strategic resources, prioritising real-time analytics and customer personalisation, and strengthening leadership commitment to digital transformation. The authors conclude that analytics-enabled CRM is a high-impact strategic management decision that improves revenue growth and sales predictability, positioning digital intelligence as a key competitive advantage.

2.6 Conceptual framework

The conceptual framework provides the analytical foundation for understanding how Clicks Group Limited's strategic management decisions are associated with its financial performance between 2015 and 2024. It operationalises the study's theoretical foundation, which integrates the RBV and Porter's (1980) Generic Strategies, to explain how firm-level strategic initiatives affect outcomes such as EBIT, ROI, share price, and revenue growth. In this framework, strategic decisions are treated as deliberate actions that reflect both the deployment of internal capabilities and the pursuit of market positioning. The framework is particularly designed to reflect the dynamics of South Africa's regulated retail-pharmacy sector, where pricing controls, compliance obligations, and constrained margins influence how strategic options are exercised. By linking firm-level decisions to financial outcomes through a structured lens, the conceptual framework provides the basis for empirical investigation.

2.6.1 Strategic decisions (Independent variables)

This study examines three interrelated strategic decisions undertaken by Clicks Group Limited that form the core independent variables in the conceptual model: pharmacy integration, product innovation, and market expansion. These decisions reflect how the firm deploys its internal resources and capabilities in response to market and regulatory conditions.

Pharmacy integration refers to the incorporation of licensed pharmacies into retail outlets, supported by clinical infrastructure, pharmaceutical supply chain systems, and regulated dispensing protocols. This decision enables the company to deliver chronic medication services, clinical consultations, and prescription fulfilment. It draws on internal capabilities such as professional expertise, operational logistics, and regulatory compliance, which align with RBV assumptions regarding firm-specific resources that are valuable, difficult to replicate, and essential to sustained performance.

Product innovation encompasses the development of private-label goods, the expansion of generic medicine offerings, and the integration of digital health services such as online prescription platforms. These initiatives involve developing internal resources in areas such as brand equity, data analytics, procurement efficiency, and consumer insights. Product innovation is viewed as both a cost-efficiency mechanism and a differentiation strategy, supporting competitive positioning and margin optimisation.

Market expansion refers to scaling physical retail infrastructure, expanding the pharmacy and clinic footprint, and extending digital platforms. This decision requires mobilising resources for store rollout, human capital, and digital engagement. It is expected to increase customer reach, improve access to services, and strengthen revenue generation across geographic markets.

Each of these decisions is operationalised as a strategic action through which Clicks deploys internal capabilities to pursue financial and market outcomes in a regulated healthcare-retail environment.

2.6.2 Financial performance indicators (Dependent variables)

This study uses four financial indicators to evaluate the outcomes of strategic

management decisions: ROI, EBIT, share price, and revenue growth. These dependent variables provide a multidimensional view of financial performance, reflecting operational efficiency, profitability, market valuation, and top-line growth. Each measure is selected based on its relevance to strategic outcomes for a listed, regulated healthcare-retail firm.

ROI represents the efficiency with which the firm utilises its invested capital to generate returns. It reflects managerial effectiveness, resource allocation, and strategic execution over time. In this study, ROI serves as an indicator of how capital is employed to support pharmacy integration, market growth, and innovation initiatives. EBIT measures core operational profitability, independent of financing and taxation. It captures the extent to which cost management, supply chain operations, and service efficiency contribute to the financial sustainability of strategic initiatives. EBIT is particularly relevant for assessing the effectiveness of cost-control measures embedded in vertical integration and product development.

Share price reflects external market perceptions of the firm's value, incorporating expectations around future earnings, risk exposure, and strategic coherence. As a forward-looking metric, share price captures investor sentiment and provides a valuation benchmark that is responsive to the company's public disclosures and performance signals.

Revenue growth indicates changes in total sales over time and serves as a measure of market penetration, service uptake, and customer acquisition. It is closely associated with product innovation and geographic expansion, both of which are expected to influence top-line outcomes in the long term.

These financial indicators are analytically distinct, but together they provide a coherent framework for assessing how Clicks' strategic decisions influenced performance from 2015 to 2024.

2.6.3 Linking Strategic Decisions to Financial Outcomes

This study examines the relationship between Clicks Group Limited's strategic decisions and its financial outcomes by combining the RBV and Porter's (1980) Generic Strategies. These frameworks provide distinct yet complementary lenses for

understanding how internal capabilities are configured and deployed to pursue competitive advantage and financial performance.

From the RBV perspective, each strategic decision reflects the mobilisation of firm-specific resources that are valuable, difficult to imitate, and embedded within organisational routines. Pharmacy integration involves applying clinical expertise, pharmaceutical logistics, and pharmacy information systems. Product innovation draws on procurement capabilities, private-label brand equity, and analytics infrastructure. Market expansion requires coordinating store rollouts, integrating digital platforms, and leveraging data-enabled customer segmentation. These resources and capabilities, once developed and aligned with strategic intent, are expected to influence ROI through capital efficiency, EBIT through cost-effective operations, revenue growth through service uptake, and share price through investor confidence in resource deployment.

Porter's (1980) framework clarifies the mechanisms through which these internal resources are converted into market-facing strategic positions. Cost leadership is achieved through economies of scale, supply-chain optimisation, and generic product offerings, all of which align with the pharmacy integration and private-label strategies. Differentiation is achieved through service innovation, customer experience enhancements, and brand-based loyalty, particularly through clinics, ClubCard programmes, and digital health services. These strategic positions are expected to shape revenue growth and share price by sustaining demand, reinforcing brand loyalty, and supporting premium offerings within a regulated pricing environment.

The combined use of RBV and Porter's (1980) framework, therefore, enables a structured analysis of how Clicks' internal resource configurations and market strategies interact to influence multiple dimensions of financial performance.

2.6.4 Conceptual model of the study

The conceptual model provides a structured representation of the relationships explored in this study. It integrates the theoretical foundations of the RBV and Porter's (1980) Generic Strategies with the specific strategic decisions undertaken by Clicks Group Limited and the associated financial performance indicators. It focuses on strategic management decisions and financial performance outcomes, informed by

established theories of strategy. The model reflects the assumption that strategic management decisions are deliberate actions through which internal resources are configured to achieve competitive advantage and financial outcomes within the constraints of South Africa's retail-pharmacy regulatory environment.

Three strategic decisions, pharmacy integration, market expansion, and product innovation, serve as the independent variables. These decisions represent Clicks' efforts to deploy its internal capabilities and respond to competitive pressures through cost-leadership and differentiation strategies. The expected outcomes of these decisions are captured through four dependent variables: EBIT, ROI, share price, and revenue growth. Each financial metric reflects a distinct dimension of performance, encompassing operational efficiency, capital productivity, market valuation, and top-line growth.

The conceptual model assumes directional relationships between each strategic decision and specific financial indicators, grounded in the mechanisms articulated in the theoretical frameworks. For instance, pharmacy integration is expected to affect EBIT and ROI by improving supply chain efficiency and clinical service throughput. Market expansion is expected to affect revenue growth and share price through geographic penetration and brand reach. Product innovation is expected to affect all four financial indicators by enhancing margins, strengthening customer engagement, and improving strategic positioning.

This model serves as the analytical guide for the empirical investigation in Chapters 4 and 5, supporting the operationalisation of variables and the interpretation of findings in alignment with the study's theoretical foundation.

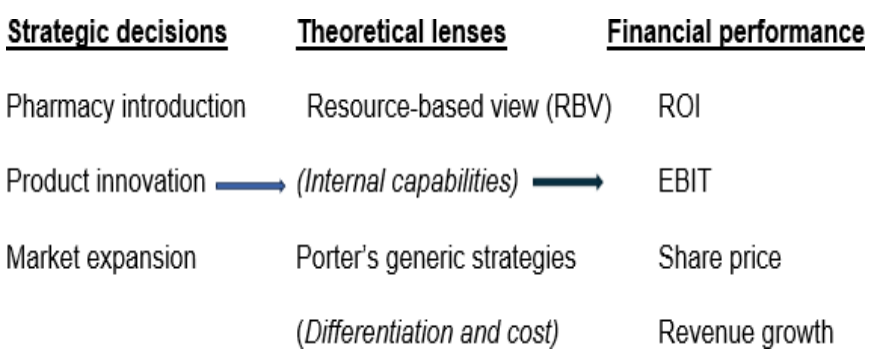

Figure 2.1: Conceptual framework linking strategic decisions, theoretical lenses, and financial performance

2.7 Chapter Summary

This chapter examined the theoretical and empirical foundations that inform the relationship between strategic management decisions and financial performance. Drawing on the RBV and Porter's (1980) Generic Strategies, it established that the alignment between internal capabilities and strategic positioning shapes sustained performance. RBV explains how firm-specific assets, such as brand equity, supply-chain infrastructure, and digital systems, create long-term value when they are valuable, rare, inimitable, and non-substitutable. Porter's (1980) framework complements this by illustrating how competitive advantage is achieved through coherent positioning strategies based on cost leadership or differentiation.

The review also outlined key financial indicators for evaluating strategic outcomes. ROI was presented as a measure of how effectively capital resources are deployed; EBIT as a reflection of operational productivity and cost control; share price as an indicator of investor confidence and strategic credibility; and revenue growth as an outcome of market reach, innovation, and service expansion. These indicators provide a multidimensional assessment of financial performance aligned with the study's analytical aims.

A review of international and emerging-market literature confirmed that strategic initiatives such as digital transformation, private-label development, and vertical integration are associated with improved financial outcomes. However, the evidence base remains limited in several respects. Few studies adopt a longitudinal, multi-metric approach, particularly in regulated sectors such as retail pharmacy. Empirical research

in the South African context is exceptionally scarce, and there is little application of integrated theoretical models that account for the complexity of strategy execution in constrained institutional environments.

Despite the growing body of literature linking strategic management decisions to firm financial performance, several gaps remain evident. Much of the existing empirical research has been conducted in developed economies and across industries such as manufacturing, banking, and technology, with comparatively limited attention to regulated retail health sectors in emerging markets. Although studies such as Safi et al. (2024), Riaz (2024), and Usman and Moinuddin (2025) demonstrate that strategic decision-making, financial intelligence, and digital integration influence financial outcomes, these studies generally examine broader organisational contexts rather than sector-specific strategic dynamics. Similarly, research examining financial performance indicators such as EBIT, ROI, and share price often focuses on cross-industry samples rather than firm-level longitudinal analyses within a single regulated sector. Consequently, there remains limited empirical evidence on how specific strategic initiatives translate into measurable financial outcomes in emerging-market retail-pharmacy environments characterised by pricing regulation, institutional constraints, and evolving healthcare policy.

This study addresses this gap by examining the relationship between strategic management decisions and financial performance in South Africa's retail-pharmacy sector, using Clicks Group Limited as a longitudinal case study spanning 2015–2024. By analysing the financial implications of pharmacy expansion, market growth, and product innovation within a regulated, emerging-market context, the study extends the existing strategy–performance literature while providing context-specific insights relevant to both strategic management scholarship and managerial practice.

The next chapter outlines the methodological approach for operationalising this framework, including the research design, data sources, variable measurement, and analytical procedures.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The methodology chapter outlines the systematic procedures used to examine how strategic management decisions influenced Clicks Group Limited's financial performance from 2015 to 2024. In line with the study's aim, the chapter explains the philosophical paradigm, research strategy, study design, data sources, operationalisation of variables, and statistical techniques used to analyse the relationship between strategic decisions and financial outcomes. It also addresses issues of data quality, validity, reliability, ethical considerations, and methodological limitations. The methodological design is critical because it bridges the research objectives and the formulation of trustworthy findings (Aristovnik et al., 2024). Financial performance is assessed using objective indicators such as ROI, EBIT, share price and revenue growth. At the same time, strategic decisions are proxied through variables such as pharmacy introduction, market expansion, and product innovation. A quantitative, longitudinal case-study design drawing on secondary data from audited annual reports and market records was adopted. The methods were therefore selected to balance the rigour of quantitative analysis with sensitivity to contextual factors shaping strategic behaviour in the South African retail-pharmacy sector. The chapter is structured as follows. Section 3.2 presents the philosophical foundations of the study, situates the research within the positivist paradigm, and explains the deductive reasoning guiding hypothesis testing. Section 3.3 outlines the overall research strategy, including the quantitative longitudinal case-study design, its descriptive and explanatory elements, and the unit of analysis. Section 3.4 defines the population, case selection, and sampling procedure, including the study's time horizon (2015–2024). Section 3.5 details the secondary data sources used in the study, covering corporate financial data, market indicators, and data documentation procedures. Section 3.6 presents the operationalisation and measurement of variables, including dependent, independent, and control variables. Section 3.7 describes the data preparation steps and analysis techniques, including data cleaning, descriptive statistics, correlation analysis, and multiple regression modelling. Section 3.8 addresses reliability and validity, covering data reliability, construct validity, internal

validity, and generalisability. Section 3.9 discusses the ethical considerations relevant to secondary-data research. Section 3.10 outlines the methodological limitations and delimitations, and Section 3.11 provides the chapter summary.

3.2 Research philosophy and approach

The philosophical orientation of a study provides the foundation for methodological decisions. It clarifies the researcher's assumptions about the nature of reality, knowledge, and the role of values in the research process (Al-Ababneh, 2020). This study is rooted within a positivist paradigm, which assumes that reality can be objectively observed and measured, and that knowledge is best produced through empirical testing. Positivism is well-suited to quantitative, hypothesis-driven investigations of measurable relationships between strategic initiatives and financial performance (Octama et al., 2024).

3.2.1 Positivist paradigm: Ontology and epistemology

Positivism rests on a realist ontology, which assumes that social and organisational phenomena exist independently of the researcher and can be observed as objective facts (Ikram & Kenayathulla, 2022). In this study, financial indicators such as ROI, EBIT, share price and revenue growth are treated as empirically observable outcomes that exist regardless of the researcher's interpretation. Epistemologically, positivism holds that valid knowledge is generated through systematic measurement and statistical testing, supported by replicable analytical procedures (Ali, 2024; William, 2024a). This philosophical grounding endorses the use of empirical data and quantitative reasoning throughout this study.

3.2.2 Deductive reasoning and theoretical grounding

This study employs a deductive approach, beginning with established theories of strategic management, particularly the RBV and Porter's (1980) Generic Strategies, from which testable propositions about financial outcomes are derived. RBV posits that firm-specific capabilities, such as pharmacy integration or private-label innovation, can generate sustained competitive advantage, which should manifest in measurable financial gains, including higher ROI and EBIT (Arbelo et al., 2021). Similarly, Porter's (1980) framework suggests that cost leadership and differentiation influence market valuation, as evidenced by trends in share price performance (Wijayanto & Arvenita,

2025). Deductive logic, therefore, enables these theoretically driven expectations to be tested empirically using secondary financial data from Clicks Group over the ten years (Streefkerk, 2023).

3.2.3 Rationale for positivism

The adoption of a positivist position is appropriate because the study examines measurable relationships between strategic initiatives and financial performance. The variables used, such as pharmacy rollout, private-label penetration, ROI and share price, are quantifiable and can be analysed statistically. The availability of audited financial statements and market-verified share price data enables objective and replicable analysis. Positivism is therefore consistent with the study's aim of producing empirical, verifiable findings using standard quantitative techniques applied to secondary financial data (Antwi & Hamza, 2015).

3.2.4 Contrast with alternative paradigms

Alternative paradigms such as interpretivism or constructivism would have emphasised the subjective meanings attached to strategic decisions, focusing on interviews or ethnographic data from managers and employees. While valuable for exploring lived experiences, such approaches would not provide the quantifiable evidence required to assess financial impact (William, 2024b). A purely interpretivist approach would also face feasibility challenges given limited access to internal management teams. Pragmatism, another potential option, could justify a mixed methods design by integrating quantitative and qualitative strands (Adu et al., 2022). Although this study incorporates a thematic interpretation of managerial narratives, the dominant orientation remains positivist, with the primary emphasis on testing relationships using quantitative evidence.

3.2.5 Axiological considerations

Positivist research assumes that scientific inquiry should remain value-free, with the researcher maintaining neutrality and minimising subjective influence on data interpretation (Ali, 2024). In this study, the use of audited financial statements, stock market data, and publicly available reports reinforces transparency and reduces personal bias. Because the data are externally produced and independently verified, the researcher does not influence their generation or measurement. Nonetheless,

interpretive caution is exercised when discussing the relationship between strategic decisions and financial outcomes, particularly where causal claims could be overstated. Findings are therefore presented conservatively and supported by empirical evidence, ensuring analytical integrity.

3.3 Research design and strategy

3.3.1 Research strategy: quantitative longitudinal case study

This study employs a quantitative longitudinal case study design, with Clicks Group Limited as the sole unit of analysis. A case study approach is appropriate for exploring complex organisational relationships within their real-world environment, particularly when boundaries between the phenomenon and its context are not clearly defined (Yin, 2018). In strategic management research, such an approach enables detailed examination of how specific decisions are made, implemented, and reflected in firm performance across time.

The longitudinal dimension enhances the explanatory potential of the case design. Strategic effects are rarely immediate and often unfold through cumulative interactions between internal capabilities and external constraints. Therefore, the period from 2015 to 2024 was selected to examine the development and outcomes of Clicks' key strategic initiatives. This timeframe encompasses critical external shifts, including regulatory amendments, public health disruptions related to the COVID-19 pandemic, inflationary volatility, and intensified competition in the South African retail pharmacy sector. The selected period allows for a more reliable analysis of patterns in financial performance that may be linked to strategy execution (Creswell & Creswell, 2017).

Clicks is an appropriate case because of its national scale, vertical integration, transparent reporting, and record of publicly documented strategic interventions. The firm's integration of pharmacy services, private-label innovation, and market expansion initiatives align directly with the study's research objectives, providing an empirically rich environment for investigating the relationship between strategy and performance.

The need for analytical depth and longitudinal continuity further justifies the use of a single-case strategy. Multiple-case designs often enable broader generalisability but

require sacrificing detailed process tracing within each case (Yin, 2018). In contrast, this study aims to examine how specific strategic decisions unfold over time and interact with financial outcomes under regulatory and institutional constraints. Clicks offers a complete, transparent record of both financial and strategic activity, allowing tracking of cause-and-effect linkages across the full strategic cycle. As Bryman (2016) notes, when the emphasis is on within-case inference and temporal pattern identification, a single-case design is preferable to cross-sectional comparison.

3.3.2 Research Design: Descriptive and Explanatory Elements

This study employs a dual-purpose research design that combines descriptive and explanatory elements. The descriptive element provides an overview of performance trends across the study period. The explanatory element seeks to test associations between strategic decisions and financial outcomes through regression analysis.

Descriptive research is used to summarise and present the characteristics of financial indicators such as ROI, EBIT, share price, and revenue growth. This involves applying measures such as means, variances, and trend visualisations to identify temporal shifts in financial performance. Descriptive designs are appropriate for establishing baseline knowledge and identifying anomalies or inflexion points (McCombes, 2019).

The explanatory dimension strengthens the research by investigating whether strategic management decisions exert measurable effects on financial outcomes. Multiple regression analysis is used to examine whether changes in independent variables, such as pharmacy expansion, product innovation, and market growth, are associated with changes in key performance indicators. Explanatory designs are concerned with causality and are therefore appropriate for testing the empirical propositions outlined in the conceptual framework (Engidaw, 2021).

Although the study uses only quantitative data, selected narrative sources, such as annual reports, investor statements, and stock exchange announcements, are used to contextualise the findings. These are not analysed thematically but help interpret statistical results by linking financial outcomes to events such as new service introductions, digital investments, or regulatory announcements. This contributes to

construct validity by ensuring financial outcomes are understood within the strategic and operational context in which they occur (Saunders et al., 2019).

The combination of descriptive and explanatory elements within a longitudinal case design enhances the rigour and relevance of the study. The design allows not only trend observation but also statistical testing of relationships between strategy and financial performance over a significant time horizon.

While strategic management research frequently employs mixed methods to capture both quantitative outcomes and qualitative insights into managerial intention, this study's exclusive use of quantitative data is intentional. It is grounded in the goal of assessing observable outcomes such as earnings performance and market valuation. The lack of qualitative inquiry limits interpretive depth but improves objectivity and replicability. As Creswell and Creswell (2017) argue, quantitative strategies are appropriate when the objective is to explain variance across time using measurable indicators. The inclusion of longitudinal financial data over a 10-year window increases statistical power and aligns with the research's explanatory aims.

3.3.3 Study Context and Unit of Analysis

This study is situated within the South African corporate retail pharmacy industry. The sector has been transformed by regulatory reforms, changing consumer health needs, and the expansion of vertically integrated pharmacy chains. It is characterised by pricing constraints through the SEP policy, increased competition from corporate entrants, and growing strategic emphasis on service delivery, technology adoption, and cost containment (Takawira & Mutambara, 2023).

Clicks Group Limited serves as the case organisation due to its leadership position in the market and its documented strategic evolution over the selected timeframe. Clicks has undertaken several strategic initiatives that align with the independent variables identified in the conceptual framework. These include nationwide pharmacy expansion, private-label development, and integration of digital services. Furthermore, the company's audited financial records and integrated annual reports provide reliable longitudinal data for empirical analysis.

The unit of analysis is the firm-year observation. Each year between 2015 and 2024 constitutes a separate observation, providing a total of ten data points per variable. This unit of analysis is appropriate for assessing annual changes in both strategic inputs and financial outcomes. The dependent variables include ROI, EBIT, share price, and revenue growth. These are collected from public financial disclosures. The independent variables are pharmacy integration, market expansion, and product innovation. These are operationalised using observable indicators such as the number of pharmacies, market share in corporate retail pharmacies, and the proportion of private-label sales. These measures align with the RBV and Porter's (1980) generic strategies, as outlined in Chapter Two.

The study context and unit of analysis are designed to ensure coherence among the theoretical framework, the empirical design, and the research objectives. The case organisation provides an appropriate setting to investigate how strategic decisions operate under institutional constraints while yielding outcomes that are measurable, comparable, and relevant to both scholars and practitioners.

3.4 Population, sampling and case selection

3.4.1 Population and case selection

The population for this study comprises all financial and operational data for Clicks Group Limited for the period 2015 to 2024, obtained from authenticated, publicly available secondary sources. These sources include audited integrated reports, Johannesburg Stock Exchange (JSE) filings, investor presentations, and market valuation records. Macroeconomic indicators were sourced from Statistics South Africa and the South African Reserve Bank to provide relevant contextual variables.

A purposive case selection strategy was adopted, grounded in theoretical and methodological considerations for case-based research. According to Locke (2002), purposive sampling is appropriate when the objective is to generate deep insight from an information-rich case that exemplifies the phenomenon under study. Clicks Group Limited was selected as a critical case, defined by Palinkas et al. (2015) as one that offers strong potential to yield generalisable or analytically rich insights.

Clicks represents South Africa's largest retail-pharmacy chain, with a sustained history of strategic transformation including pharmacy integration, market expansion, digital engagement, and product innovation. It's publicly disclosed that the decade-long data record provides reliable metrics for financial performance analysis and strategic review. The organisation's position within a regulated, highly competitive, and evolving sector makes it a methodologically suitable case for analysing how strategic decisions influence firm-level outcomes in emerging markets. The selection is also justified by the availability of high-quality longitudinal data aligned with the study's variables of interest: EBIT, ROI, revenue growth, share price, pharmacy footprint, market share, and private-label product penetration.

3.4.2 Sampling Procedure and Study Period (2015–2024)

A purposive, non-probability sampling method was employed to extract relevant data from the identified population. This technique was selected in line with best practices for quantitative case studies, which prioritise selecting precise, relevant observations aligned with the research aim (Ahmad & Wilkins, 2025). The study period spans ten years, from 2015 to 2024, a duration that provides sufficient depth to observe trends, capture structural changes in Clicks' strategy, and assess outcomes across multiple economic and regulatory conditions, including the COVID-19 pandemic period, SEP pricing enforcement, and NHI policy development.

Each year within the study period constitutes one firm-year observation, yielding 10 observations suitable for longitudinal descriptive and inferential statistical analysis. The selection of this timeframe is further justified by the fact that it captures the most active phase of Clicks' strategic development, including the scaling of its pharmacy network, the growth of private-label offerings, and enhanced digitalisation. Only audited, publicly verifiable data were used to ensure the reliability and transparency of findings. The sample excludes qualitative data and non-financial disclosures to maintain the coherence of the quantitative research design.

Although no statistical sample size calculation was required due to the case-based nature of the study, the deliberate sampling logic ensures construct alignment between the selected variables and the research objectives. The ten-year scope balances

analytical rigour with feasibility, enabling meaningful identification of patterns, relationships, and explanatory insights.

3.5 Data sources and collection procedures

3.5.1 Corporate financial and operational data

The study draws primarily on authenticated secondary data sourced from Clicks Group Limited's audited annual and integrated reports for the period 2015–2024. These documents provide comprehensive information on financial performance, segmental results, operational metrics, and strategic initiatives. Key indicators extracted include ROI, EBIT, revenue growth, pharmacy footprint, private-label penetration, and health-service expansion. Investor presentations and JSE regulatory filings were also consulted to supplement annual disclosures, ensuring that all extracted figures were consistent, externally verified, and comparable over time.

3.5.2 Market and macroeconomic data

Market valuation data, specifically the historical daily and annual share price series, were obtained from Yahoo Finance, which provides validated, dividend- and corporate action-adjusted price data. To contextualise firm-level performance within broader economic conditions, macroeconomic indicators were sourced from Statistics South Africa and the South African Reserve Bank. These included the consumer price index (CPI), GDP growth rates, and changes in the repo rate. Incorporating macroeconomic variables enhances interpretive accuracy by distinguishing strategic effects from external economic influences.

3.5.3 Data sourcing and documentation

Data collection followed a systematic retrieval and screening procedure to ensure reliability, transparency, and traceability. All corporate documents were accessed directly from Clicks' investor relations portal and cross-checked against JSE SENS announcements. Each source was examined for coverage of the 2015–2024 period and for the presence of quantifiable indicators aligned with the study objectives. Only audited statements, verifiable investor communications, and reputable financial databases were included - narrative commentary without measurable indicators was excluded to preserve the quantitative integrity of the research design. All retrieved files were archived with retrieval dates and permanent links to facilitate replication.

3.6 Variable definition and measurement

The study operationalises its constructs using clearly defined financial, strategic, and macroeconomic variables to ensure rigour, measurability, and alignment with the research objectives. Variables were selected based on their relevance to the strategic management and financial performance literature and their availability in Clicks Group Limited's audited financial disclosures. This section outlines the dependent, independent, and control variables, including their definitions, measurement units, formulas, and expected relationships.

3.6.1 Dependent variables: EBIT, ROI, share price, revenue

The dependent variables represent the financial outcomes through which the effect of Clicks' strategic decisions is assessed. Four indicators were used, each capturing a different dimension of firm performance:

ROI measures the efficiency with which the firm generates returns from invested capital.

$$ROI = \frac{Net\ income}{Total\ cost\ of\ investment}\ x\ 100$$

ROI is widely used to assess managerial effectiveness, capital allocation efficiency, and the long-term impact of strategic initiatives.

EBIT is a financial indicator that reflects a firm's profitability from its core operating activities, excluding financing costs and taxes. In this study, EBIT is measured in thousands of South African Rand (R'000), as reported in Clicks Group Limited's audited financial statements. It serves as a key performance metric for assessing the effectiveness of the operational strategy, particularly in terms of cost efficiency and core business productivity. The variable is used to evaluate how pharmacy integration, market expansion, and product innovation contribute to the company's operational profitability over time.

The share price reflects market valuation and investor sentiment regarding Clicks' strategic direction. Average annual closing share price (ZAc) was sourced from Yahoo Finance. Share price reflects external perceptions of strategic success, integrating expectations for profitability, efficiency, and growth.

Revenue refers to the total income generated from the sale of goods and services during a financial year. In this study, revenue is measured as annual total revenue in thousands of South African Rand (R'000), based on audited financial statements. It reflects top-line growth resulting from customer base expansion, product development, and service diversification. Revenue is the financial indicator most directly influenced by strategic decisions regarding market expansion and innovation. It provides insight into how strategic initiatives translate into increased sales volume and enhanced market reach over time.

3.6.2 Independent variables: Pharmacy expansion, market expansion, product innovation

Strategic management decisions are operationalised through three independent variables, each representing a core component of Clicks' strategic framework.

Pharmacy expansion represents vertical integration and the expansion of pharmaceutical service points. It is defined by the number of Clicks stores with in-store pharmacies per year. This variable tests whether expanded pharmacy access contributes to operational profitability and market valuation.

Market expansion reflects Clicks' ability to scale operations and strengthen market positioning. It is represented by retail pharmacy market share (%), as reported in annual disclosures. Market share indicates competitive reach and the strategic effect of store growth, clinic expansion, and digital presence.

Product innovation captures differentiation and cost-efficiency achieved through private-label development and generic medicines. It is represented by private-label penetration (% of retail sales). Private-label growth is a strategic decision for improving margins, customer loyalty, and operational efficiency.

3.6.3 Control variable: Inflation rate

To account for macroeconomic conditions that may influence prices, purchasing power, and revenue, the inflation rate is included as a control variable. Inflation is measured as the annual percentage change in the CPI, as reported by Statistics South Africa. Because inflation affects consumer spending behaviour and nominal revenue levels, controlling for it helps isolate the specific strategic effects of pharmacy expansion, market expansion, and product innovation on revenue growth.

3.7 Data preparation and analysis techniques

To ensure analytical rigour and alignment with the study's objectives, the data underwent a structured preparation process before descriptive, correlational, and regression analyses were conducted. Data analysis was performed using Microsoft Excel for data cleaning, formatting, and trend visualisation, and IBM SPSS for inferential statistics and model estimation. The procedures followed are presented below, organised by the three analytical stages.

3.7.1 Data cleaning, handling missing data and quality control

Before analysis, all financial and operational variables underwent rigorous cleaning and verification. Figures for EBIT, revenue, ROI, private-label penetration, pharmacy counts, and market share were cross-checked across Clicks' integrated reports, interim results, and JSE filings to ensure consistency. Any discrepancies were reconciled with the most authoritative source, typically the audited annual report.

Handling missing data:

Some strategic indicators (e.g., private-label percentage in 2015) were not disclosed for certain years. Missing values were not imputed; instead, listwise deletion was used in regression models to avoid bias. Non-numerical narrative statements were excluded to maintain quantitative integrity.

Data standardisation:

All monetary values were converted to South African Rand (ZAR) where necessary.

Outlier treatment:

Given the small sample (10 years), no data points were removed. Extreme values observed during pandemic years (2020–2021) were treated as genuine performance effects rather than statistical anomalies.

Quality assurance:

An audit trail was maintained using Excel files that documented raw data, computed ratios (e.g., ROI = Net Profit ÷ Total Investment), and SPSS-ready datasets. These files enable traceability and replication of all calculations.

3.7.2 Descriptive analysis (objective 1)

Descriptive statistics were applied to examine ten-year trends in Clicks Group Limited's financial performance, addressing objective 1. Summary measures, mean, minimum, maximum, and standard deviation were generated for EBIT, ROI, and share price. Graphical trend analyses provided visual insights into performance patterns over time. Consistent with the objective, the descriptive analysis focused exclusively on financial metrics. Although pharmacy counts were used in the regression modelling, they were not included in the descriptive trends for objective 1, as this section reports performance outcomes rather than strategic inputs. These descriptive summaries provided the baseline understanding needed for subsequent correlational and regression analyses.

3.7.3 Correlation and Regression Modelling: Rationale, Structure, and Diagnostics (objectives 2 and 3)

This study adopts a two-stage quantitative analysis approach comprising descriptive trend analysis and multiple regression modelling. Descriptive statistics are first used to present the evolution of key financial indicators over the 10 years from 2015 to 2024. This includes computing means, standard deviations, and year-over-year changes for EBIT, ROI, share price, and revenue growth. Graphical techniques are used to visualise trends and identify inflexion points that inform strategic decisions.

To evaluate the directional influence of strategic management decisions on financial performance, the study employs multiple linear regression analysis. This statistical method is suitable for assessing the relationship between a single continuous dependent variable and multiple independent variables. It allows simultaneous estimation of the effects of pharmacy integration, market expansion, and product innovation on the selected financial indicators. Given the study's objective of identifying which strategic decisions exert significant influence over time, multiple regression is appropriate for isolating these effects while controlling for other predictors.

Each financial performance metric (EBIT, ROI, share price, and revenue growth) is modelled separately as a dependent variable. The independent variables include three core strategic indicators operationalised from Clicks' disclosures: (1) number of in-store pharmacies, (2) private-label contribution to retail sales, and (3) Clicks' national retail-pharmacy market share. The directionality of these relationships is derived from the theoretical framework. Under the RBV, enhanced internal capabilities, such as vertical integration and product development, are expected to improve operational and capital efficiency. Porter's (1980) model suggests that strategic positioning through cost leadership and differentiation should positively affect margin performance and valuation. Based on this, positive coefficients are anticipated for all three independent variables across the four financial outcomes.

The general form of the regression model is expressed as:

$$Y_t = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t} + \beta_3 X_{3t} + \varepsilon_t$$

Where:

- Y_t= Dependent variable (EBIT, ROI, share price, or revenue growth) in year t
- X_1= Number of pharmacies
- X_2= Private-label sales contribution
- X_3= Market share in retail pharmacy
- ε_t= Error term

All models are estimated using ordinary least squares (OLS) regression via Stata 17. To ensure the robustness of findings, several diagnostic checks are conducted. Variance inflation factors (VIFs) are used to test for multicollinearity. Durbin-Watson statistics are applied to detect autocorrelation. Residual plots and Cook's Distance are used to identify potential outliers and influential observations. Statistical significance is tested at the 5 per cent level. Where model assumptions are violated, transformations or robustness tests will be considered.

Missing data are not expected, as the study relies on audited annual reports and publicly disclosed financial information. However, if data inconsistencies are identified,

interpolation techniques or conservative imputation using prior-year values will be applied, with complete documentation in the analysis appendices.

This approach provides a replicable, statistically valid means of testing the hypothesised relationships between strategic management decisions and financial performance outcomes across a decade of operational history. It also aligns with best practices in longitudinal business research, where repeated observations are used to detect the sustained impact of organisational choices over time.

All regression analyses were estimated using adjusted model specifications that include inflation as a control variable. This approach was adopted to ensure consistency across outcome variables and to account for the potential influence of macroeconomic conditions on firm-level financial performance.

3.7.4 Alignment with Research Objectives and Questions

This section demonstrates how the study's design, variable selection, and analytical techniques directly respond to the research objectives and questions established in Chapter 1. This alignment reinforces construct validity by ensuring that the variables and methods are directly linked to the study's empirical aims.

Table 3.1: Alignment of Research Objectives and Questions with Variables and Analytical Methods

Research Objective	Research Question	Variables Involved	Analytical Approach
Objective 1: To describe the trends in Clicks' financial performance (EBIT, ROI, share price, revenue) from 2015 to 2024.	RQ1: What are the trends in financial performance indicators at Clicks between 2015 and 2024?	EBIT, ROI, Share Price, Revenue	Descriptive statistics and time-series visualisation (3.7.2)
Objective 2: To examine the relationship between Clicks' strategic decisions and financial outcomes.	RQ2: How have pharmacy integration, market expansion, and product innovation influenced financial performance?	Independent: Pharmacy count, Private-label penetration, Market share; Dependent: EBIT, ROI, Share Price, Revenue	Correlation analysis and multiple regression (3.7.3)
Objective 3: To identify which strategic decision most strongly influences each financial indicator.	RQ3: Which strategic variable exerts the strongest influence on each financial performance indicator?	Same as above	Regression coefficient comparison across models (3.7.3)

3.8 Reliability and validity

3.8.1 Reliability of secondary data

Reliability refers to the consistency and stability of research findings when the same procedures are applied under similar conditions. In this study, reliability is enhanced by using independently verified, audited financial and operational data drawn from Clicks Group Limited's integrated annual reports, JSE regulatory filings, and validated third-party sources such as Yahoo Finance. These sources are publicly accessible, subject to external audit, and provide a standardised basis for longitudinal analysis.

Triangulation across these datasets enhances confidence in the consistency of financial indicators over the study period. Uniform definitions and calculation methods were applied to all variables. For instance, ROI was consistently computed as net profit divided by total investment for each firm-year observation. This standardisation enables replicability and reduces measurement error. Data were cleaned and organised in structured Excel spreadsheets and analysed in SPSS, with all files retained to support traceability and verification.

Given the archival nature of the dataset and its stability across a ten-year timeframe, reliability is further reinforced by the absence of retrospective reconstruction or subjective interpretation. The financial data represent official figures published under statutory obligations, reducing the likelihood of bias and enhancing temporal reliability.

3.8.2 Construct and internal validity

Construct validity refers to the extent to which the indicators selected for analysis accurately represent the underlying theoretical constructs. This study enhances construct validity by selecting widely recognised financial metrics, such as ROI, EBIT, share price, and revenue growth, as proxies for profitability, operational efficiency, market valuation, and top-line expansion. These indicators are well established in the literature on strategic performance and are frequently used in both corporate finance and strategic management research (Islami et al., 2020; Hoessler & Carbon, 2024).

Strategic variables were defined based on verifiable, firm-specific data disclosed in audited annual reports. Pharmacy expansion was measured by the number of active

pharmacy outlets; product innovation was operationalised as the percentage contribution of private-label products to total sales; and market expansion was captured by retail pharmacy market share. Each variable directly corresponds to the core strategic dimensions outlined in the study's conceptual and theoretical frameworks, thereby reinforcing construct alignment.

Internal validity concerns the extent to which the study establishes plausible relationships between strategic management decisions and financial performance outcomes. In this study, internal validity was supported by multiple regression models estimating the influence of strategic decisions on financial indicators, while controlling for inflation in the revenue model to account for macroeconomic effects.

Formal diagnostic tests, such as the Durbin–Watson statistic, the Breusch–Pagan test, and variance inflation factors, were not conducted due to the dataset's structural characteristics. The analysis is based on a single-firm, ten-year longitudinal panel, which limits the statistical power and the interpretive value of conventional econometric diagnostics, which are primarily designed for large cross-sectional or multi-entity panel datasets. In small-sample, firm-level time series analyses, such diagnostics may yield unstable or misleading results and are therefore not always methodologically appropriate.

To mitigate these limitations, internal validity was instead strengthened through robustness-oriented analytical strategies. The regression models were estimated under alternative specifications, and results were evaluated for consistency in coefficient direction, magnitude, and statistical significance across models. This approach enabled assessment of the stability of results and reduced the likelihood that findings were driven by model specification artefacts rather than substantive relationships.

While the study does not claim to make strict causal inferences, the combination of theory-driven model specification, longitudinal data, and robustness checks provides a reasonable basis for interpreting the observed associations as analytically meaningful within the context of a quantitative case study design.

The use of a longitudinal dataset spanning ten years enhances internal validity by allowing the researcher to assess performance effects over time rather than relying on single-year associations. This time-based structure limits the risk of spurious relationships. It strengthens the inference that observed performance changes are linked to deliberate strategic actions rather than random variation or isolated events.

3.8.3 External validity and generalisability

External validity refers to the extent to which research findings can be applied beyond the specific context in which the study was conducted. In this study, generalisability is limited in a statistical sense because the single-case design focuses exclusively on Clicks Group Limited. As a result, the findings are not intended to represent the entire South African retail-pharmacy sector, nor can they be automatically extended to other emerging-market firms without caution.

However, the study offers analytical generalisability, which is appropriate for case-based research in strategic management (Yin, 2018; Locke, 2002). Clicks is a critical case due to its market dominance, operational maturity, and transparent reporting practices. These attributes position it as an information-rich case from which insights can be drawn into the strategic-performance relationship within a regulated, competitive healthcare-retail environment.

The firm's strategic decisions, including pharmacy integration, private-label development, and market expansion, are not unique in form but are implemented at scale and within a context that reflects broader sectoral dynamics in emerging markets. Thus, the findings offer valuable theoretical insights for other firms operating under similar constraints, such as pricing regulation, healthcare policy reform, and competitive saturation.

By grounding the analysis in established theoretical frameworks and drawing on a decade of systematically collected financial data, the study supports transferable lessons about how internal capabilities and strategic positioning influence financial outcomes in regulated industries. This form of generalisability aligns with the study's aim to contribute to theory building in emerging-market strategy research, rather than to make probabilistic claims about the broader population of firms.

3.9 Ethical considerations

This study presents minimal ethical risk because it relies exclusively on publicly available secondary data. Nevertheless, an ethics application was submitted to UKZN HSSREC, and an ethics exemption was received (HSSREC/00008798/2025). All financial and operational information was obtained from authenticated corporate disclosures, including Clicks Group Limited's audited annual reports, JSE regulatory filings, investor presentations, and recognised market databases such as Yahoo Finance. Macroeconomic indicators were sourced from official institutions, including Statistics South Africa and the South African Reserve Bank.

No confidential, proprietary, or private data were accessed at any stage, and the research did not involve human participants; therefore, ethical considerations such as informed consent, anonymity, and protection of personal information do not apply. Nevertheless, the study adheres to standard academic integrity principles by ensuring accurate citation, transparent reporting, and responsible use of publicly disclosed material.

All downloaded datasets and documents were stored securely to prevent unauthorised access. Data handling procedures complied with copyright requirements and institutional research ethics guidelines. Overall, the study maintains honesty, transparency, and methodical integrity in the collection, storage, and reporting of secondary data.

3.10 Methodological limitations and delimitations

3.10.1 Limitations

First, the research adopts a single-firm case study design focusing solely on Clicks Group Limited. While this approach enables in-depth analysis of strategic decisions and financial performance over time, it limits external generalisability to other pharmacy retailers or broader healthcare markets.

Second, the study relies on a ten-year dataset (2015–2024), which provides substantive longitudinal insight but constrains statistical power. With relatively few observations, regression estimates should be interpreted cautiously, emphasising the direction and significance of relationships rather than predictive precision.

Third, some strategic constructs, such as innovation or diversification, are represented by proxy indicators (e.g., private-label penetration), which may not fully capture the multidimensional nature of strategic decision-making. Additionally, certain indicators were not available for all 10 years, necessitating listwise deletion in some statistical tests.

Fourth, the analysis period includes the COVID-19 disruptions (2020–2021), which introduced external shocks affecting financial performance. Although trends remain interpretable, it is not possible to fully isolate pandemic effects from strategic outcomes. Despite these constraints, the study maintains methodological rigour with audited, verified data and transparent analytical procedures.

3.10.2 Delimitations

The study is intentionally delimited to ensure focus, coherence, and analytical precision.

First, the analysis covers the period 2015–2024, selected to align with Clicks' major strategic initiatives, including accelerated pharmacy integration, market expansion and private-label expansion. Earlier years were excluded to maintain consistency in reporting and strategic comparability.

Second, the research is delimited to Clicks Group Limited, a publicly listed entity with comprehensive, accessible financial disclosures. Private pharmacies and independent retailers were excluded due to insufficient or non-standardised data.

Third, the study focuses on quantitative financial indicators – ROI, EBIT, share price, and revenue growth – deliberately excluding non-financial measures (e.g., customer satisfaction, employee engagement, brand sentiment) to maintain a strictly quantitative and replicable approach.

Fourth, only publicly available secondary data were used. No interviews, surveys, or qualitative sources were included, reflecting the study's positivist orientation and emphasis on objective measurement.

These delimitations ensure methodological clarity and reduce scope creep, strengthening the internal consistency of the research design.

3.11 Chapter summary

This chapter outlined the methodological framework used to examine how strategic management decisions influenced Clicks Group Limited's financial performance between 2015 and 2024. Guided by a positivist paradigm and a deductive approach, the study employed a longitudinal single-case design suited to tracing how strategic initiatives translate into measurable financial outcomes over time.

The chapter began by defining the research philosophy, strategy, and quantitative design, before detailing the purposive case selection of Clicks Group Limited. This was justified based on its strategic relevance, consistent reporting, and its long-term implementation of pharmacy integration, product innovation, and market expansion initiatives. The data sources included audited financial statements, JSE regulatory filings, investor reports, Yahoo Finance market data, and official macroeconomic indicators from national institutions. A structured data collection process ensured transparency, reliability, and accurate documentation.

Variables were operationalised into dependent (ROI, EBIT, share price, revenue growth), independent (pharmacy expansion, market expansion, product innovation), and control variables (inflation rate). These were measured using standard financial formulas and verifiable organisational indicators. Data preparation procedures, including cleaning, validation, missing-data handling, and outlier assessment, ensured the dataset met the requirements for descriptive and inferential statistical analysis.

The analysis plan aligned directly with the three research objectives: descriptive statistics addressed performance trends; correlation analysis examined preliminary relationships; and multiple regression modelling assessed the independent influence of strategic decisions on financial outcomes. The chapter also addressed reliability, validity, and ethical considerations, emphasising the use of audited, publicly available data and transparent analytical procedures. Finally, methodological limitations and delimitations were presented to contextualise the study's findings and clarify the boundaries within which conclusions can be drawn.

Chapter 3 provides the methodological foundation for Chapter 4, which presents the empirical results generated from the statistical analyses and reports the financial and strategic patterns observed over the ten years.

CHAPTER 4

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the study's empirical findings, examining how strategic management decisions have influenced Clicks Group Limited's financial performance over the ten-year period from 2015 to 2024. The purpose of the chapter is to report the results objectively, without interpretation or theoretical discussion, which are addressed in Chapter 5. The findings are organised in line with the study's research objectives and are presented using descriptive statistics, correlation analysis, and multiple linear regression modelling to provide a comprehensive overview of the relationships among the selected financial and operational variables.

The study pursued three key objectives: first, to analyse longitudinal trends in profitability, efficiency, and market valuation using EBIT, ROI, and share price as indicators; second, to assess the impact of strategic initiatives, namely pharmacy expansion, market growth, and product innovation, on profitability, efficiency, and market valuation; and third, to examine how these strategic factors influenced revenue growth over the same period. Collectively, these objectives address the overarching research question concerning how Clicks' strategic management decisions have shaped its long-term financial performance.

The data used in the analysis were obtained from secondary sources, including Clicks Group Limited's audited annual financial statements, integrated reports, investor presentations, and publicly available financial databases. The dataset includes both financial and operational variables, namely ROI (%), EBIT (R'000), average closing share price (ZAc), number of stores, pharmacy count, retail pharmacy market share (%), private-label percentage of sales, and the inflation rate (%). Data analysis was conducted using Microsoft Excel and IBM SPSS Statistics. Descriptive statistics were used to summarise central tendencies and dispersion. At the same time, Spearman's rank correlation analysis was employed to examine bivariate associations, given the small sample size and non-normal distribution of certain variables. Multiple linear regression models were estimated using adjusted specifications that incorporate inflation as a control variable to account for broader macroeconomic influences on firm-level financial outcomes. Statistical significance was evaluated at the 5 per

cent level ($p < 0.05$).

The chapter is structured into five sections. Section 4.2 presents descriptive trends and summary statistics for the key variables, establishing baseline patterns in Clicks' financial and operational performance. Section 4.3 reports the correlation analysis, highlighting the strength and direction of associations among the financial performance indicators. Section 4.4 presents the regression results for EBIT, ROI, share price, and revenue growth, based on consistently adjusted model specifications. Finally, Section 4.5 provides a concise summary of the empirical findings, serving as a transition to the interpretation and theoretical discussion presented in Chapter 5.

4.2 Descriptive trends and overview of key variables

This section addresses the first research objective by presenting trends in financial performance over the study period. It focuses on EBIT, ROI, and share price as indicators of profitability, efficiency, and market valuation. Descriptive statistics and visual trend analysis are used to establish the baseline patterns that inform subsequent analytical procedures. The analysis covers data from Clicks Group Limited between 2015 and 2024. It aims to provide a clear empirical overview of the company's financial trajectory before the correlation and regression models presented in later sections.

EBIT is treated as a measure of operational profitability, reflecting earnings generated from core activities before the influence of tax and financing costs. ROI is interpreted as capital efficiency, capturing the firm's ability to convert invested capital into financial returns. This conceptual distinction is consistent with established financial theory and enables a more precise assessment of how different strategic factors influence distinct performance dimensions.

Table 4.1: Descriptive Statistics for Strategic and Financial Variables

Variable	N	Mean	Std. Deviation	Minimum	Maximum
EBIT (R'000)	10	2,625,336.80	957,143.29	1,396,039	4,171,852
ROI (%)	10	46.19	6.90	38.71	60.14
Average Share Price (ZAc)	120	21,591.63	8,026.71	8,616.00	39,697.00
Number of Pharmacies	10	558.30	127.52	361	720
Private-label Share (%)	10	23.33	1.50	21.70	25.40
Retail Pharmacy Market Share (%)	10	22.72	2.15	18.70	24.90

Table 4.1 presents descriptive statistics for both the financial performance indicators and the strategic decision variables used in the analysis. Presenting the dependent and independent variables in a single table provides a consolidated overview of the scales, dispersion, and distributions of all variables included in the regression models. This integrated presentation enhances analytical coherence and enables clearer interpretation of how strategic inputs and financial outcomes vary over the study period before inferential analysis.

4.2.1 Profitability trends: EBIT and ROI

EBIT increased from approximately R1.39 billion in 2015 to R4.17 billion in 2024. The mean EBIT for the period was R2.63 billion, with a standard deviation of R957 million. The data show a consistent upward movement in operating profit across the ten-year study period. ROI ranged from 38.71% to 60.14%, with a mean of 46.19% and a standard deviation of 6.90%. ROI exhibited fluctuations over time but remained above 35% in all observed years.

4.2.2 Market valuation: Share price trends

The average closing share price for the ten-year period was 21,591.63 cents, ranging from 8,616 cents to 39,697 cents. The data indicate a general upward trend in share

price over the period, with moderate variability reflected in a standard deviation of 8,026.71 cents. The highest share price values occurred in the later years of the dataset.

Overall descriptive pattern

Across the 2015–2024 period, all key indicators, EBIT, ROI, and share price, showed upward movement. The descriptive results indicate consistent growth in profitability, efficiency, market valuation, and operational scale. These observed trends provide the empirical basis for subsequent correlation and regression analyses presented in the following sections.

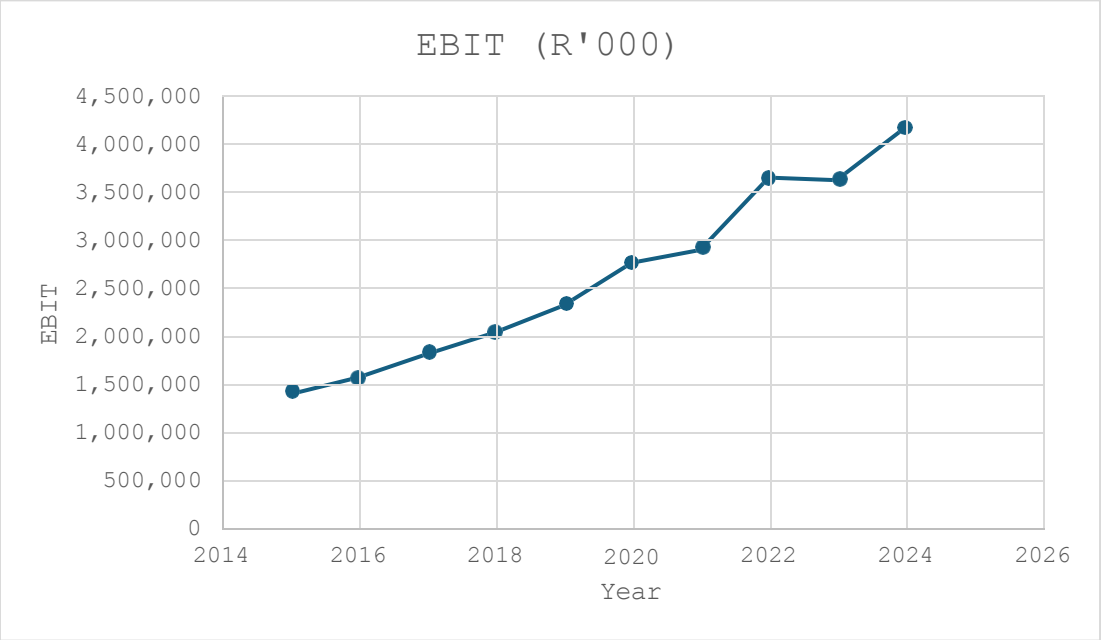

Figure 4.1: EBIT of Clicks Group Limited, 2015–2024 (R'000)

Figure 4.1 shows the trend in EBIT for Clicks Group Limited over the period 2015-2024. EBIT increased from R1.40 billion in 2015 to R4.17 billion in 2024, reflecting consistent year-on-year growth across the study period. Between 2015 and 2019, EBIT rose steadily from R1.40 billion to R2.32 billion, followed by further increases to R2.90 billion in 2021 and R3.65 billion in 2022. A minor decrease was recorded in 2023 (R3.62 billion), after which EBIT reached its highest level of R4.17 billion in 2024. Overall, the trend demonstrates continuous upward movement in operating profit over the ten years.

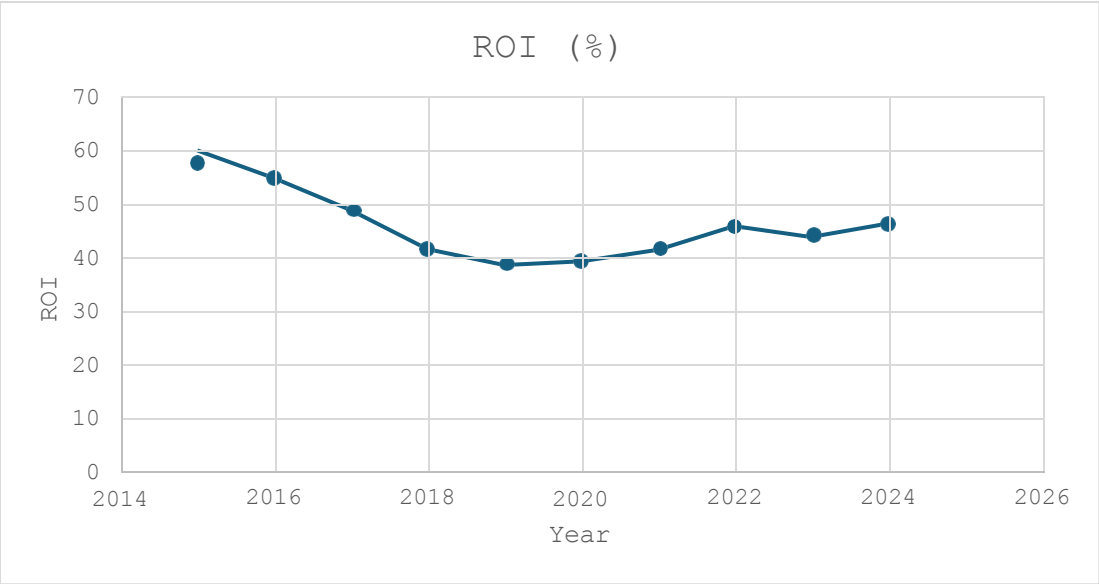

Figure 4.2: ROI % of Clicks Group Limited, 2015-2024

Figure 4.2 displays the trend in ROI for Clicks Group Limited from 2015 to 2024. ROI began at 60.14% in 2015 and declined steadily to 38.71% in 2019, representing the lowest point over the ten-year period. From 2020 onward, ROI showed moderate recovery, fluctuating between 39.43% and 46.42%, with the highest post-2015 value recorded in 2024. The overall pattern indicates a downward trend in ROI from 2015 to 2019, followed by gradual stabilisation and modest improvement between 2020 and 2024.

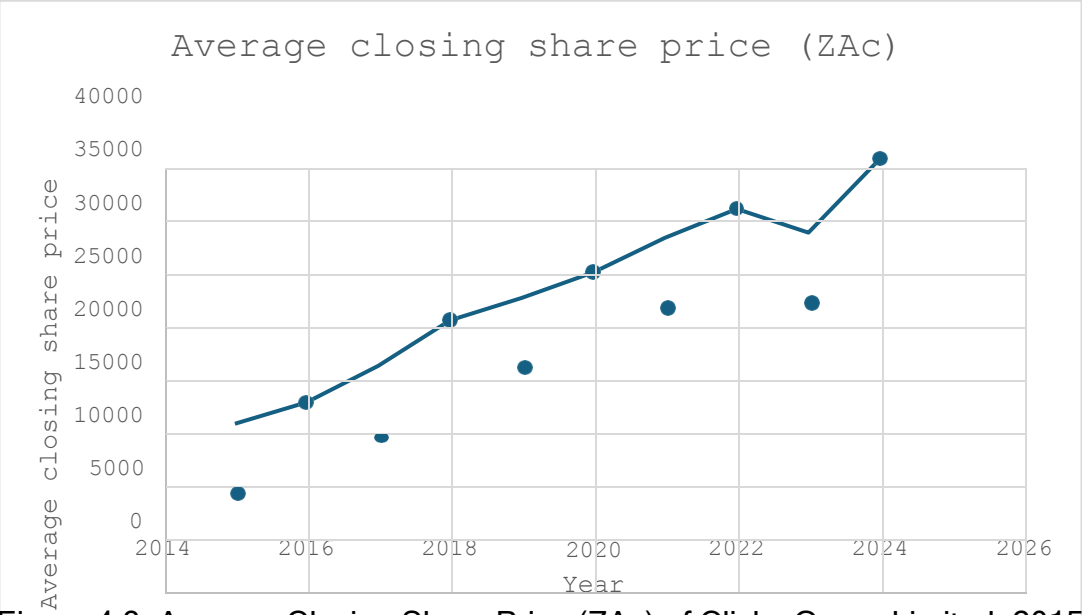

Figure 4.3: Average Closing Share Price (ZAc) of Clicks Group Limited, 2015 – 2024

Figure 4.3 illustrates the average closing share price for Clicks Group Limited over the 2015-2024 period, based on August year-end figures. The average share price

increased from 9,154 cents in 2015 to 37,369 cents in 2024, representing sustained appreciation in market valuation. Between 2015 and 2018, the price rose steadily from 9,154 cents to 20,300 cents. A slight decline to 19,900 cents in 2019 was followed by continued upward movement, reaching 30,256 cents in 2021. Minor decreases were recorded in 2022 (29,802 cents) and 2023 (27,350 cents), before the price climbed to its highest level of 37,369 cents in 2024. Overall, the data show a consistent upward trend in Clicks' share price across the ten-year period, with brief periods of moderate fluctuation.

4.3 Correlation analysis

This section provides a preliminary examination of the relationships among the key financial performance indicators and serves as an analytical bridge between the descriptive analysis (Objective 1) and the regression analysis (Objectives 2 and 3). Correlation analysis is used to identify the direction and strength of associations among variables prior to estimating multivariate models, thereby informing the interpretation of subsequent regression results.

The analysis is based on financial data for Clicks Group Limited covering the period 2015 to 2024. Given the small sample size and the non-normal distribution of some variables, Spearman's rank correlation coefficient was employed as an appropriate non-parametric measure of association. This approach is consistent with established practice in firm-level longitudinal studies where parametric assumptions may not be fully satisfied.

The correlation analysis focuses exclusively on financial performance indicators: EBIT, ROI, and the average closing share price. These variables constitute the primary outcome measures in the conceptual framework and capture complementary dimensions of financial performance, operating profitability, capital efficiency, and market valuation. Strategic input variables were excluded from the correlation matrix, as their role in the analytical framework is explanatory rather than descriptive, and their effects are examined more appropriately in the regression models.

Table 4.2 presents the Spearman's rank correlation coefficients among the financial performance variables. A strong positive and statistically significant correlation is observed between EBIT and average closing share price ($\rho = 1.000$, $p < 0.01$),

indicating that improvements in operating profitability are closely aligned with increases in market valuation over the study period. In contrast, ROI exhibits weak negative correlations with both EBIT (ρ = –0.394, p = 0.260) and share price (ρ = –0.394, p = 0.260), and these relationships are not statistically significant. This suggests that variations in capital efficiency do not systematically move with operating profitability or market valuation over the observed timeframe.

Table 4.*2*: Spearman's Rank Correlation Coefficients among Financial Performance Variables

	Variable	**1**	**2**	**3**
1.	EBIT (R'000)	1.000		
2.	ROI (%)	-0.394	1.000	
3.	Average Share Price (ZAc)	**1.000***	-0.394	1.000

Notes:

- Spearman's rank correlation coefficients are reported.
- $p < 0.05$ (*), $p < 0.01$ (**).
- $N = 10$ annual observations.

Overall, the correlation results provide an initial descriptive understanding of the interrelationships among the financial performance indicators. These findings do not imply causality but provide context for interpreting the regression analyses presented in Section 4.4, which examine in greater detail the impact of strategic management decisions on financial outcomes.

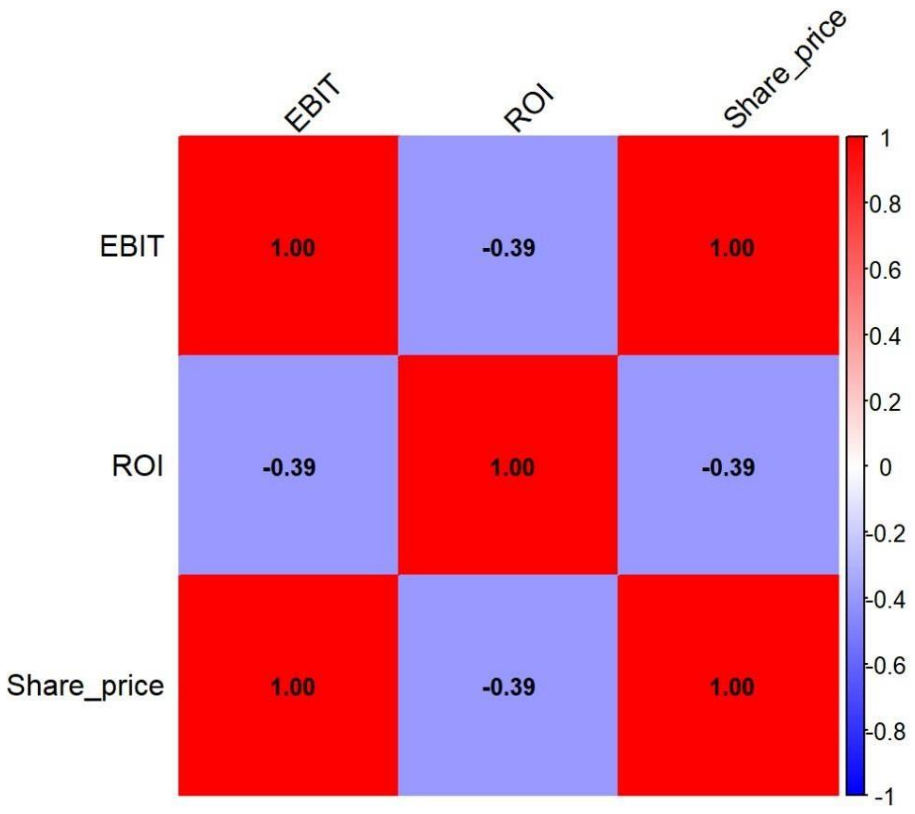

Figure 4.4: Spearman's rank correlation heatmap for EBIT, ROI, and Average Closing Share Price (2015–2024)

Figure 4.4 presents a visual representation of the Spearman's rank correlation coefficients among EBIT, ROI, and average closing share price for Clicks Group Limited over the period 2015 to 2024. The heatmap illustrates both the direction and strength of associations between the financial performance indicators, with warmer colours indicating stronger positive correlations and cooler colours indicating negative relationships.

The results show a perfect positive correlation between EBIT and average closing share price ($\rho = 1.00$). This indicates a strong monotonic alignment between operating profitability and market valuation over the study period, suggesting that periods of higher EBIT were consistently associated with higher share prices. This pattern reflects close investor sensitivity to operating performance and indicates that market valuation closely tracked Clicks' operating profitability during the period under review. Given the longitudinal nature of the data, this relationship should be interpreted as directional alignment rather than exact proportional movement.

In contrast, ROI exhibits a moderate negative correlation with both EBIT and share price ($\rho = -0.39$). This suggests that changes in capital efficiency did not move in tandem with operating profitability or market valuation over the same period. The negative relationship may reflect periods in which capital investments associated with expansion temporarily reduced efficiency ratios, despite improvements in absolute profitability and market confidence.

The heatmap provides a concise visual summary of the interrelationships among the financial performance indicators prior to regression analysis. While the correlations do not imply causality, they offer preliminary insight into how different dimensions of financial performance co-evolved over time. These observed associations provide important contextual grounding for the regression analyses presented in the subsequent section, which examine in greater detail the influence of strategic management decisions on financial outcomes.

4.4 Regression analyses (objectives 2 and 3)

This section addresses Research Objectives 2 and 3 by presenting the results of multiple linear regression analyses examining the relationship between Clicks Group Limited's strategic management decisions and its financial performance. The analyses assess the extent to which firm-level strategic actions influence four financial outcome variables: EBIT, ROI, average closing share price, and revenue growth.

The independent variables represent Clicks' core strategic initiatives and include the number of pharmacies, retail pharmacy market share, and the proportion of private-label sales. These variables operationalise pharmacy integration, market expansion, and product innovation, respectively. To account for broader macroeconomic conditions that may influence firm-level financial outcomes, inflation is included as a control variable in all regression models.

All financial outcomes are estimated using adjusted model specifications that incorporate both strategic variables and inflation controls. This approach ensures consistency across models and reduces the risk of omitted-variable bias by accounting for exogenous economic factors that may affect profitability, capital efficiency, market valuation, and revenue performance. No interaction terms or lagged variables were

included, as the analysis focuses on contemporaneous associations within a firm-level longitudinal case study design.

Statistical significance was assessed at the 5% level. Regression results are reported using estimated coefficients, standard errors, confidence intervals, and p-values. The presentation of findings in this chapter remains analytical and descriptive, with substantive interpretation and theoretical integration deferred to Chapter 5.

Table 4.3: Overview of Regression Models

Outcome Variable	**Model Type**	**Variables Included**
EBIT	Adjusted	Strategic variables + Inflation (control)
ROI	Adjusted	Strategic variables + Inflation (control)
Share Price	Adjusted	Strategic variables + Inflation (control)
Revenue Growth	Adjusted	Strategic variables + Inflation (control)

4.4.1 Regression results for ROI

Table 4.4: Regression analysis of ROI (%) - Adjusted Model

Predictor	**Beta**	**Std. Error**	**95% CI**	**p-value**
Number of Pharmacies	0.058	0.045	-0.030 to 0.145	0.197
Retail Pharmacy Market Share (%)	-4.468	1.246	-6.911 to -2.026	<0.001
Private-label Share (%)	-2.124	2.570	-7.162 to 2.914	0.409
Inflation Rate (%)	—	—	—	—

The adjusted regression model indicates that retail pharmacy market share is the only strategic variable significantly associated with ROI. The coefficient is negative and significant (β = –4.468, p < 0.001), suggesting that increases in market share were associated with lower capital efficiency over the study period. This may reflect substantial capital investment requirements associated with expansion, which temporarily diluted returns despite scale growth.

The number of pharmacies (β = 0.058, p = 0.197) and private-label share of sales (β = –2.124, p = 0.409) were not statistically significant predictors of ROI. Overall, the results suggest that while expansion strategies influenced operational scale, their impact on investment efficiency was uneven.

4.4.2 Regression results for EBIT

Table 4.5: Regression analysis of EBIT (R'000) – Adjusted Model

Predictor	**Beta**	**Std. Error**	**95% CI**	**p-value**
Number of Pharmacies	13,312.86	3,040.12	7,354.34 to 19,271.39	<0.001
Retail Pharmacy Market Share (%)	–228,263	84,697.41	–394,267.03 to –62,259.29	0.007
Private-label Share (%)	–243,326	174,696.40	–585,724.68 to 99,072.64	0.164
Inflation Rate (%)	—	—	—	—

The adjusted EBIT model indicates that the number of pharmacies is a strong, statistically significant positive predictor of operating profitability (β = 13,312.86, p < 0.001). This indicates that pharmacy expansion contributed meaningfully to increases in operating earnings over time.

Retail pharmacy market share exhibits a statistically significant negative association with EBIT (β = –228,263, p = 0.007), suggesting that gains in market share may have been achieved at the expense of margins, possibly due to competitive pricing pressures or higher operating costs. The private-label share was not statistically significant (β = –243,326; p = 0.164). These results indicate that scale expansion through pharmacy growth was the dominant driver of operating profitability.

4.4.3 Regression results for share price

Table 4.6: Regression analysis of average share price (ZAc) – Adjusted Model

Predictor	Beta	Std. Error	95% CI	p-value
Number of Pharmacies	49.378	37.771	-24.652 to 123.408	0.191
Retail Pharmacy Market Share (%)	335.384	1,052.30	-1,727.08 to 2,397.85	0.750
Private-label Share (%)	737.693	2,170.46	-3,516.33 to 4,991.72	0.734
Inflation Rate (%)	—	—	—	—

In the adjusted model, none of the strategic variables are statistically significant in their association with the average share price. While coefficients for all predictors remain positive, their effects are not statistically distinguishable from zero.

This suggests that once macroeconomic conditions are controlled for, share price movements were influenced more by broader market expectations and firm-wide performance signals than by individual strategic variables in isolation. The findings support the view that market valuation reflects integrated assessments of firm performance rather than discrete operational actions.

4.4.4 Regression results for revenue

Table 4.7: Regression analysis of revenue (R'000) – Adjusted Model

Predictor	Beta	Std. Error	95% CI	p-value
Number of Pharmacies	69,290.41	24,036.12	22,180.49 to 116,400.34	0.004
Retail Pharmacy Market Share (%)	-845,084	771,061.80	– 2,356,337.31 to 666,169.50	0.273
Private-label Share (%)	621,748.60	1,298,831.00	– 1,923,912.46	0.632

			to 3,167,409.66	
Inflation Rate (%)	–490,077	416,089.20	– 1,305,596.37 to 325,443.37	0.239

The adjusted revenue model indicates that the number of pharmacies is the only statistically significant predictor of revenue growth (β = 69,290.41, p = 0.004). This finding highlights the central role of physical network expansion in driving top-line growth.

Retail pharmacy market share, private-label share, and inflation do not exhibit statistically significant effects. This suggests that revenue growth was primarily driven by scale expansion rather than pricing dynamics, product mix, or macroeconomic inflation during the study period.

4.5 Chapter Summary

This chapter presented the empirical results based on Clicks Group Limited's financial and operational data from 2015 to 2024. The findings were organised around the study's three research objectives and were reported descriptively, without interpretation.

Section 4.2 provided an overview of descriptive trends for key financial indicators. EBIT rose from R1.39 billion in 2015 to R4.17 billion in 2024, indicating sustained increases in operating profit. ROI fluctuated between 38.71 per cent and 60.14 per cent over the period, suggesting variability in capital efficiency. The average closing share price increased from 9,154 cents to 37,369 cents, reflecting changes in market valuation. These patterns establish the empirical foundation for subsequent correlation and regression analyses.

Section 4.3 examined statistical associations among the financial indicators using Spearman's rank correlation. EBIT and share price exhibited a perfect positive correlation (ρ = 1.000, p < 0.01). ROI showed weak negative correlations with both EBIT and share price, although these were not statistically significant (ρ = –0.394, p =

0.260). These correlations provide preliminary insight into the relationships among financial performance outcomes prior to regression testing.

Section 4.4 reported the results of multiple regression analyses evaluating the effects of Clicks' strategic decisions on financial outcomes. For ROI, only the retail pharmacy market share demonstrated a statistically significant negative effect in the adjusted model. For EBIT, the number of pharmacies remained significant after adjustment, while other predictors lost significance. For the share price, no predictors were significant in the adjusted model. In the revenue model, only the number of retained pharmacies remained statistically significant after controlling for inflation; the effects of market share, private-label sales, and inflation were not significant.

To enhance clarity, Table 4.8 summarises the key findings by mapping each research objective to its associated dependent variable, the significant predictors in the adjusted model, and the corresponding statistical significance.

Table 4.8: Summary of Empirical Results by Research Objective

Objective	**Dependent Variable**	**Significant Predictors (Adjusted Model)**	**Significant? ($p < 0.05$)**
1	Descriptive trends	Not applicable (descriptive only)	Not applicable
2	ROI	Retail pharmacy market share	Yes
2	EBIT	Pharmacies	Yes
2	Share price	None	No
3	Revenue	Pharmacies	Yes

This summary highlights that pharmacy expansion, measured by the number of pharmacies, was the most consistently significant predictor across financial performance indicators. The findings reported in this chapter form the statistical foundation for the interpretation and theoretical analysis presented in Chapter 5.

CHAPTER 5

DISCUSSION, INTERPRETATION AND IMPLICATIONS

This chapter presents and interprets the empirical results derived from the quantitative analysis of Clicks Group Limited's strategic management decisions and their relationship with financial performance over the period 2015 to 2024. The purpose of the chapter is to integrate the statistical findings from the descriptive trends, correlation analysis, and multiple regression models with the theoretical foundations established earlier, particularly the RBV and Porter's (1980) Generic Strategies. The analysis focuses on how key strategic initiatives, namely pharmacy network expansion, market share growth, and private-label development, relate to four core indicators of financial performance: ROI, EBIT, share price, and revenue.

The dataset used in this study was drawn from Clicks Group Limited's published annual reports, investor presentations, and publicly available financial databases, covering a ten-year period characterised by both relative stability and external disruptions, including the COVID-19 pandemic and periods of heightened inflation. The selected financial indicators capture distinct but complementary dimensions of performance. ROI reflects capital efficiency; EBIT represents operational profitability; share price captures market valuation and investor sentiment; and revenue represents overall sales performance. Together, these measures provide a multidimensional perspective on how strategic actions align with observable financial outcomes.

Methodologically, the chapter proceeds through three analytical stages. First, descriptive statistics are used to establish baseline performance patterns across the ten-year period. Second, Spearman's rank correlation is used to examine associations among the financial performance indicators in the correlation matrix. Third, multiple linear regression models are used to assess the relationships between Clicks' strategic variables, specifically pharmacy count, retail pharmacy market share, and the proportion of private-label sales, and the four financial outcome variables. All regression analyses are based on adjusted model specifications that incorporate the inflation rate as a control variable to account for broader macroeconomic influences on firm-level financial performance.

The chapter's structure aligns with the three research objectives: presenting descriptive financial trends (Objective 1), evaluating the effects of strategic variables on profitability, efficiency, and market valuation (Objective 2), and examining the influence of these variables on revenue growth (Objective 3). Throughout the chapter, insights from the literature review are integrated to situate the findings within broader empirical debates on strategic management and financial performance in regulated, competitive retail-pharmacy environments.

Overall, this chapter interprets the study's empirical findings within the established theoretical framework to explain how Clicks' strategic management decisions correspond with observed financial outcomes over time.

5.2 Analytical Structure and Link to Objectives

This chapter interprets the empirical results presented in Chapter 4 by addressing the study's three research objectives and applying the theoretical framework as an interpretive lens. The analysis proceeds in a structured sequence that reflects the conceptual framework and empirical design. Section 5.3 addresses Objective 2 by examining observed financial trends across the ten-year period. Sections 5.4 and 5.5 examine the statistical relationships between strategic decisions and financial outcomes with respect to profitability, efficiency, and market valuation, addressing Objective 2. Section 5.6 examines revenue growth and addresses Objective 3. Section 5.7 interprets the empirical findings through the study's theoretical framework, drawing on the RBV and Porter's (1980) Generic Strategies. Each section isolates a specific performance dimension and links it to relevant strategic mechanisms. This structure enables a focused interpretation of results without conflating distinct financial constructs. The discussion avoids theoretical elaboration until Section 5.7, where the combined relevance of RBV and positioning theory is evaluated in light of observed patterns. Where appropriate, the interpretation also considers the broader institutional and macroeconomic context to explain variation in financial indicators.

The purpose of this interpretive structure is to ensure clarity in how each objective is addressed and to establish the analytical continuity between empirical findings and theoretical implications.

5.3 Descriptive Financial Trends (Objective 1)

This section addresses Objective 1 by examining observed financial trends across the ten-year period. The focus was placed on four key indicators: EBIT, ROI, share price, and revenue growth. These measures were selected to reflect the firm's operational profitability, capital efficiency, market valuation, and overall growth in top-line income.

The trend analysis showed that EBIT rose from R1.39 billion in 2015 to R4.17 billion in 2024. This steady increase suggests a sustained improvement in core operating performance. The consistency of this growth across the observed period, including periods of macroeconomic instability such as the COVID-19 pandemic, supports the conclusion that Clicks maintained effective cost and margin management.

ROI fluctuated more than EBIT, ranging from 38.71 per cent to 60.14 per cent. While the trend remained positive overall, the variation suggests that shifts influenced returns on capital, investment intensity, and capital allocation decisions. Periods of declining ROI may reflect phases of accelerated investment in infrastructure, technology, or store rollout, during which returns typically lag initial expenditures.

The average closing share price rose markedly, increasing from 9,154 cents in 2015 to 37,369 cents in 2024. This growth indicates rising investor confidence in Clicks' long-term financial and strategic direction. While the share price is influenced by external market sentiment, its upward trajectory aligns with improvements in operating results and return measures. Revenue growth, although not shown alongside the other indicators, also followed a positive trajectory. Annual total revenue grew year over year, supported by an expanding pharmacy network and higher sales of private-label products.

The descriptive analysis shows consistent gains across all financial indicators. These patterns provide the empirical foundation for examining the extent to which strategic decisions contributed to performance outcomes, which is addressed in the following sections.

5.4 Strategy and ROI (Objective 2)

Objective 1 examined the strategic management decisions undertaken by Clicks Group Limited between 2015 and 2024. Objective 3 assessed the relationship between those decisions and the firm's financial performance. This section addresses both objectives by examining the association between strategic variables and ROI, which captures the efficiency with which capital is converted into financial returns.

ROI trends over the ten-year period showed moderate fluctuations, with values ranging from 38.71 per cent to 60.14 per cent. These fluctuations occurred alongside changes in Clicks' strategic profile, particularly in pharmacy integration, market development, and product innovation.

Regression results showed that retail pharmacy market share was the only strategic variable with a statistically significant effect on ROI in the adjusted model. This negative association suggests that as market share increased, ROI declined slightly. One explanation may lie in the expansion-related costs of sustaining a broader market presence. While increased market share can generate long-term value, the short-term capital required for store openings, staffing, and logistics may temporarily reduce return on capital.

Pharmacy count and private-label percentage were not significantly associated with ROI in the adjusted model. This implies that although these strategies may improve profitability and revenue, their effects on capital efficiency were less immediate or direct. The absence of significance does not imply a lack of strategic value; instead, it may reflect a temporal lag between investment and capital return.

These results illustrate that ROI, as a performance measure, responds to both the intensity and the timing of strategic decisions. While market expansion may dilute return on investment during periods of accelerated rollout, it can also position the firm for stronger long-term earnings. The distinction between short-term capital pressure and long-term strategic payoff is essential when interpreting ROI in regulated sectors where expansion incurs significant upfront investment.

This section supports the view that strategic choices influence ROI, but not always linearly or immediately. The findings reinforce the importance of evaluating financial indicators alongside the temporal and operational context in which strategic decisions are executed.

5.5 Strategy and EBIT and Share Price (Objective 2)

This section examines the relationship between Clicks Group Limited's strategic management decisions and two key financial outcomes: EBIT and the average closing share price. These indicators capture distinct dimensions of firm performance: EBIT reflects core operational profitability, while share price represents market valuation and investor sentiment. In line with Objective 2, the analysis evaluates how pharmacy network expansion, market development, and private-label innovation influenced these outcomes over the study period and situates the findings within the broader literature on strategic management and finance.

Over the ten-year period, EBIT increased steadily from R1.39 billion in 2015 to R4.17 billion in 2024, indicating sustained growth in operating profitability. The regression results show that the number of pharmacies was the only strategic variable that remained statistically significant in the adjusted model. This finding is consistent with prior studies that identify physical network expansion and vertical integration as key drivers of operating profitability in retail and healthcare-related sectors (Hoessler & Carbon, 2024; Mostaghel et al., 2022; Praharsi et al., 2025). In regulated environments, where pricing discretion is constrained, scale and operational density become primary mechanisms for improving EBIT through higher volumes, improved asset utilisation, and supply-chain efficiencies.

The positive association between pharmacy count and EBIT aligns with the RBV, which emphasises the role of scarce, capital-intensive, and difficult-to-imitate resources in generating sustained performance advantages (Barney, 1991; Gerhart & Feng, 2021). Comparable evidence from emerging markets suggests that firms with integrated logistics systems and extensive physical footprints are better positioned to absorb regulatory costs and stabilise operating margins (Musa, 2024; Tapa & Mazlan, 2024). In the South African retail-pharmacy context, the integration of dispensing services within retail outlets, supported by centralised procurement and distribution,

appears to have strengthened Clicks' operational throughput and cost efficiency, thereby reinforcing EBIT growth.

In contrast, retail pharmacy market share and the proportion of private-label sales were not statistically significantly associated with EBIT in the adjusted model. This finding is consistent with studies showing that market-share growth does not automatically translate into higher operating profitability, particularly where expansion is accompanied by higher fixed costs, promotional expenditure, or margin compression (Islami et al., 2020; Riaz, 2024). Similarly, prior research indicates that private-label strategies often influence gross margins and customer loyalty rather than aggregate operating earnings, especially in regulated or price-sensitive markets (York et al., 2021; Galankashi & Rafiei, 2022). The results therefore suggest that these strategic initiatives contribute to performance indirectly, over longer horizons, rather than through immediate EBIT effects.

Regarding market valuation, the adjusted regression analysis did not identify statistically significant associations between the strategic variables and the average closing share price. This outcome aligns with evidence from financial markets research, which shows that share prices reflect forward-looking, integrated assessments of firm performance rather than the marginal effects of individual operational variables (Song et al., 2021; Ahmad et al., 2021). Studies in both developed and emerging markets show that while operating profitability is an important signal, investor valuation is also shaped by macroeconomic expectations, interest rate conditions, risk perceptions, and overall market sentiment (Batool et al., 2025; Rizwan et al., 2020).

The absence of statistically significant strategic predictors in the adjusted share-price model is therefore not unexpected. Prior studies suggest that strategic initiatives such as expansion and innovation influence market valuation primarily through their cumulative impact on earnings stability, growth credibility, and strategic coherence, rather than through direct, contemporaneous effects (Carnini Pulino et al., 2022; Kim et al., 2024). In the case of Clicks, investor confidence appears to be anchored in the firm's consistent execution, resilient pharmacy-led model, and predictable earnings trajectory, rather than in year-to-year variation in specific strategic inputs.

Overall, the findings indicate that pharmacy network expansion was the most influential strategic driver of operating profitability, while no single strategic variable independently explained variation in market valuation. This pattern is consistent with the broader literature, which emphasises that strategy–performance relationships differ across financial indicators and that operational outcomes, such as EBIT, are more directly responsive to firm-level strategic actions than market-based measures, such as share price. These results reinforce the importance of interpreting strategic effects within their broader economic, institutional, and market contexts.

5.6 Strategy and Revenue Growth (Objective 3)

This section examines the relationship between Clicks Group Limited's strategic initiatives and revenue growth, defined as total annual revenue as reported in audited statements. Revenue growth reflects the firm's ability to expand market participation and customer uptake, making it a relevant indicator of the effectiveness of pharmacy expansion, market development, and product innovation. This analysis addresses all three research objectives by linking strategic decisions to a measurable, operationally valid, and externally validated financial outcome.

Revenue increased substantially over the ten-year period, consistent with the firm's expansion of its retail footprint and diversification of its product and service offerings. In the regression models, pharmacy count emerged as the only statistically significant predictor of revenue growth in the adjusted model. This result suggests that the physical expansion of pharmacies, often co-located with primary care clinics, translated into broader service access, higher transaction volumes, and increased prescription throughput, all of which contributed to top-line growth.

By expanding its store count across diverse geographies, Clicks likely increased its customer base, enhanced convenience, and improved penetration into underserved areas. This is consistent with findings from other regulated pharmacy sectors, where growth in service points has been linked to improved accessibility and higher sales volume (Mattingly et al., 2023; Miller et al., 2021). The model's emphasis on pharmacy expansion underscores the role of physical infrastructure as a strategic enabler of revenue generation.

The other strategic variables, private-label percentage and retail pharmacy market share, were not statistically significant in the adjusted revenue model. Although these factors are likely to influence profitability or market competitiveness, their direct contribution to year-on-year revenue growth may be more diffuse or mediated by other variables. For instance, market share is a relative metric that may not directly correspond to nominal revenue growth, whereas private-label sales may affect margins rather than overall volume.

Inflation was included in the revenue model as a control variable to account for potential distortions in nominal revenue estimates arising from macroeconomic price effects. The inflation variable was not statistically significant, indicating that the observed revenue increases were not simply a function of general price-level changes but were more likely attributable to internal operational factors.

The analysis confirms that pharmacy expansion was the only strategic initiative consistently associated with revenue growth at the 0.05 significance level. This suggests that increasing the number of service points contributed meaningfully to the firm's ability to grow its revenue base. At the same time, other strategic actions may have played supporting or indirect roles. These results support the study's proposition that expansion-related decisions have a measurable effect on financial performance in regulated retail-pharmacy environments.

5.7 Theoretical Reflection – RBV and Porter

This section evaluates the relevance and explanatory power of the RBV and Porter's (1980) Generic Strategies framework for interpreting the relationship between strategic decisions and financial performance at Clicks Group Limited between 2015 and 2024. This section evaluates the relevance and explanatory power of the RBV and Porter's (1980) Generic Strategies in interpreting the relationship between strategic decisions and financial performance at Clicks Group Limited between 2015 and 2024.

The RBV (Barney, 1991) emphasises the importance of firm-specific, valuable, rare, inimitable, and non-substitutable (VRIN) resources in securing and sustaining competitive advantage. Across the study period, Clicks consistently deployed internal

capabilities aligned with this framework. Pharmacy expansion relied on infrastructure investment, clinical expertise, and logistics integration, all of which represent embedded operational capabilities that competitors are not easily able to replicate. Similarly, product innovation through private-label expansion and digital health services drew on capabilities in customer analytics, brand equity, and procurement. These alignments confirm the RBV's explanatory utility in identifying the underlying resources that enabled strategic execution.

The statistical significance of the pharmacy count in both the EBIT and revenue models supports the RBV's assumption that tangible and intangible assets, once effectively mobilised, can yield sustained financial returns. The RBV also helps explain why certain strategic decisions, such as digital platform development and clinic integration, continued to deliver returns over time, as these resources were path- dependent and required cumulative investment.

Porter's Generic Strategies (1980) framework is equally relevant in interpreting how Clicks positioned itself competitively. The firm simultaneously pursued cost control through private-label development and differentiation through health services and loyalty programmes. The strategic mix of cost leadership and differentiation is consistent with Porter's (1980) recognition that hybrid positioning can be effective when well integrated. For example, Clicks' expansion of private-label medicines likely reduced procurement costs while offering price-sensitive customers alternatives, supporting the cost-leadership strand. At the same time, in-store clinics and digital prescription platforms enhanced service differentiation.

The explanatory gap in Porter's (1980) model is evident in areas where regulatory constraints constrain strategic flexibility. Licensing laws, pricing ceilings, and location restrictions in the South African retail-pharmacy sector limit the range of competitive responses available to firms. These constraints are not fully addressed by Porter's (1980) framework, which assumes a relatively open competitive environment. However, the model remains analytically valuable for identifying the outcomes of strategic positioning decisions under constrained conditions.

Taken together, the RBV explains how internal capabilities enabled Clicks to execute its strategic initiatives, while Porter's (1980) framework clarifies how these initiatives

were configured to achieve cost and differentiation advantages. The alignment between these theoretical frameworks and the observed data suggests that both are appropriate and complementary for analysing performance outcomes in a regulated retail-pharmacy environment.

5.8 Integrated Interpretation and Theoretical Fit

Building on the objective-specific discussions in Sections 5.3 to 5.6, this section integrates the empirical findings across performance measures and interprets them through the combined application of the RBV and Porter's (1980) Generic Strategies. This section synthesises the empirical findings with the theoretical frameworks adopted in the study, drawing on the combined explanatory value of the RBV and Porter's (1980) Generic Strategies. It demonstrates how the strategic management decisions undertaken by Clicks Group Limited between 2015 and 2024 can be interpreted through these complementary lenses to explain variations in financial performance. The integration of findings across ROI, EBIT, revenue, and share price enables a holistic understanding of how internal capabilities and competitive positioning interact to shape outcomes.

The regression analysis confirmed that pharmacy expansion was the most consistent and statistically significant predictor of financial outcomes. Its positive association with EBIT and revenue growth supports the RBV's emphasis on firm-specific resources that are valuable, rare, and difficult to replicate. Clicks' vertically integrated pharmacy model, which includes retail outlets, dispensing systems, clinics, and wholesale distribution via UPD, reflects a consolidated resource base that enhances operational control, supply chain efficiency, and service accessibility. These internal capabilities underpinned sustained operational performance over the decade, particularly amid regulatory oversight and pricing constraints.

Retail pharmacy market share was significantly associated with ROI, but not with EBIT or revenue in adjusted models. This finding suggests that market positioning is more closely linked to relative efficiency (returns on capital) than to absolute profit growth. From Porter's (1980) perspective, market development reflects strategic positioning, whereby the expansion of geographic and digital reach enables access to new customer segments. Although market share itself did not predict EBIT or revenue in

this case, it appears to have contributed to capital productivity, potentially by enhancing scale and improving the utilisation of fixed assets.

Private-label share, used as a proxy for product innovation, was not significantly associated with financial outcomes after adjustment. This result suggests that while differentiation through private brands may contribute to perceived customer value or gross margins, it does not, on its own, predict profitability or efficiency once other strategic variables are controlled for. This limitation does not negate the strategic relevance of private labels. Still, it suggests that their financial impact may be more indirect or long-term, especially in a market where pricing regulation limits margin expansion.

The findings across the models support a combined application of RBV and Porter's (1980) framework. RBV accounts for the role of internal capability deployment, such as integrating pharmacy operations and developing information systems in building performance resilience. Porter's (1980) model explains how strategic positioning decisions, such as footprint expansion and the introduction of differentiated service offerings, allow firms to compete in markets characterised by both cost sensitivity and regulatory compliance. The combination of these perspectives reflects the dual pressures faced by firms in emerging, regulated sectors, where both resource control and strategic alignment are necessary to sustain performance.

The integration of both theoretical perspectives also addresses the complexity of interpreting performance over time. The consistent significance of pharmacy expansion across EBIT, ROI, and revenue models affirms the strategic value of scaling internal capabilities. The isolated relevance of market share in the ROI model points to the importance of strategic reach for capital efficiency. The limited role of private-label penetration may reflect a lag effect or sectoral constraints on pricing flexibility. Collectively, these patterns underscore the importance of using a multi-theoretical lens to explain firm performance in a hybrid retail-healthcare environment.

While the statistical models produced interpretable results aligned with theoretical expectations, several analytical limitations must be acknowledged. The relatively small sample of firm-year observations constrained the complexity of model specification and limited the detection of more subtle effects. The use of publicly disclosed

secondary data, while reliable, also imposes measurement constraints, particularly on proxy variables used for strategic decision-making. Furthermore, the models did not explicitly control for endogeneity or omitted variable bias, which may arise from unobserved factors such as managerial quality or competitor activity. These limitations do not invalidate the findings but suggest caution when generalising results or attributing causality. Future research could address these limitations by employing panel methods across multiple firms or by introducing instrumental variables to improve causal inference.

While the RBV and Porter's (1980) Generic Strategies provide the primary interpretive structure for this analysis, the findings can also be read through a dynamic capabilities perspective. The sustained impact of pharmacy expansion on EBIT and revenue suggests not only the possession of valuable resources, but the firm's capacity to reconfigure and scale those resources in response to changing market and regulatory conditions. Clicks' ability to integrate new pharmacies, adjust operational processes, and maintain performance during periods of external disruption reflects adaptive capability rather than static resource advantage. In this sense, dynamic capabilities complement the RBV by offering a temporal explanation for how strategic assets are renewed and redeployed over time, even though they are not explicitly modelled in the empirical analysis.

5.9 Chapter Summary

This chapter has interpreted the statistical findings presented in Chapter 4 in relation to the study's theoretical framework and research objectives. Drawing on the RBV and Porter's (1980) Generic Strategies, the chapter has demonstrated how Clicks Group Limited's strategic management decisions influenced financial outcomes between 2015 and 2024.

Objective 1 was addressed by identifying pharmacy expansion, retail market development, and private-label innovation as core strategic decisions. Objective 2 was fulfilled by analysing the firm's financial performance using EBIT, ROI, revenue growth, and share price. Objective 3 was addressed through the regression analysis, which revealed that pharmacy expansion had the most consistent and statistically significant effect on financial outcomes, followed by retail pharmacy market share. Private-label

share was not significantly associated with any performance indicator in the adjusted models. The RBV and Porter's (1980) Generic Strategies were applied as interpretive frameworks to explain how internal capabilities and strategic positioning shaped profitability, capital efficiency, revenue growth, and market valuation in a regulated retail-pharmacy environment. In addition to the RBV and Porter's (1980) positioning logic, the findings also align with a dynamic capabilities view of strategy, highlighting the role of organisational adaptation and resource reconfiguration over time.

The findings affirm that performance in this context is not driven by a single strategy or resource, but by the interplay of operational integration, strategic scale, and the ability to respond to external constraints. While each theoretical perspective offers partial insight, their combined application enhances explanatory completeness. The chapter has shown that a longitudinal, multi-metric assessment reveals both the strengths and limitations of strategic initiatives over time, particularly under conditions of regulatory and macroeconomic volatility.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This final chapter synthesises the study's key insights and presents the overall conclusions, recommendations, limitations, and directions for future research. While Chapter 5 provided a detailed discussion of how Clicks Group Limited's strategic management decisions shaped its financial performance across EBIT, ROI, share price, and revenue, this chapter provides a concise, integrated view of the study's findings.

The focus is on answering the central research question of how strategic decisions regarding pharmacy expansion, retail-pharmacy market share, and private-label development influenced Clicks' financial performance between 2015 and 2024, and on highlighting the implications of these findings for both practice and scholarship. The chapter is structured as follows. Section 6.2 summarises the study's purpose, design, and main empirical insights. Section 6.3 presents an integrated set of conclusions. Section 6.4 outlines practical recommendations for Clicks and similar retail-pharmacy firms. Section 6.5 discusses the study's limitations and proposes areas for further research. Section 6.6 offers a brief closing reflection. This chapter consolidates conclusions drawn regarding the study's three research objectives: financial performance trends, the relationship between strategic decisions and performance outcomes, and the influence of strategy on revenue growth.

6.2 Summary of the study

This study was undertaken in the context of a highly regulated and increasingly competitive South African retail-pharmacy environment, in which firms are compelled to balance expansion, cost efficiency, and innovation while facing subdued consumer demand and macroeconomic volatility. In this context, Clicks Group Limited emerged as a leading player, prompting the need to examine how its strategic management decisions contributed to its financial performance over time.

The primary aim of the research was to assess the impact of selected strategic decisions, such as pharmacy network expansion, growth in retail-pharmacy market share, and private-label development, on Clicks' financial performance between 2015

and 2024. Four financial indicators were used to capture different dimensions of performance: ROI as a measure of capital efficiency, EBIT as a proxy for operational profitability, average share price as an indicator of market valuation, and revenue growth. The study was guided by the RBV and Porter's (1980) generic strategies as interpretive frameworks for understanding how internal capabilities and competitive positioning translate into financial outcomes.

A quantitative research design was employed, using secondary data drawn from Clicks' published annual reports, investor presentations, and financial databases. Descriptive statistics were used to identify trends in financial and operational variables. Spearman's rho correlations were used to examine associations among key financial indicators, and multiple linear regression models were estimated to test the relationships between the strategic variables (pharmacy counts, retail-pharmacy market share, private-label sales proportion, and revenue inflation) and the four financial performance measures.

The analysis showed that Clicks sustained strong growth in EBIT, revenue, and share price over the decade, while maintaining high, though cyclical, ROI levels. Across the regression models, pharmacy expansion emerged as the most consistent and significant predictor of both EBIT and revenue. At the same time, market-share growth was negatively associated with ROI in adjusted models. Private-label penetration was positively associated with performance in descriptive analyses but did not have independent effects after controlling for other variables. Share-price movements reflected the combined impact of profitability, efficiency, and strategic coherence rather than being driven by any single operational variable.

6.3 Integrated conclusions

The findings lead to several overarching conclusions about Clicks' strategic performance model and the broader relationship between strategic management decisions and financial outcomes in the retail-pharmacy sector.

First, the study concludes that pharmacy expansion is the central strategic engine of Clicks' financial performance. The consistent and significant effects of pharmacy count on both EBIT and revenue demonstrate that the firm's integrated retail-pharmacy footprint is its most powerful value-creating asset. The ability to increase physical access to chronic medication, health services, and front-shop products underpins

revenue scale, operational leverage, and sustained profitability. This finding aligns with the RBV proposition that scarce, capital-intensive, and operationally complex resources such as pharmacies and supporting logistics systems are key sources of competitive advantage.

Second, the study finds that growth in retail-pharmacy market share is associated with a trade-off in capital efficiency. While market-share gains are strategically desirable and signal strong competitive positioning, the negative association with ROI in the adjusted models indicates that aggressive expansion imposes short-term capital burdens. These may arise from store openings, infrastructure investment, promotional expenditures, and other growth-related costs that temporarily depress return metrics. This pattern echoes RBV and dynamic-capabilities arguments that capability building and resource reconfiguration often require firms to accept periods of reduced efficiency in exchange for longer-term gains.

Third, the evidence suggests that private-label development plays a supportive rather than a decisive independent role in financial performance. Although private-label penetration is consistent with improved margins and differentiation, it did not emerge as a significant standalone predictor in the adjusted models. Its contribution appears embedded within a broader strategic configuration encompassing pricing, category management, and customer loyalty. Private labels thus function as an essential component of Clicks' value proposition, but their financial impact is mediated through other capabilities and decisions.

Fourth, the study concludes that market valuation reflects investors' assessment of overall strategic coherence and earnings resilience rather than the marginal effects of individual operational metrics. The strong descriptive alignment between share price and profitability, combined with the absence of independent effects for the strategic variables in adjusted models, suggests that investors reward Clicks for its integrated, stable, and defensible business model. The firm's reputation for consistent execution, predictable earnings, and a resilient pharmacy-led model appears to underpin its valuation premium.

Overall, the research confirms that the impact of strategic management decisions on financial performance cannot be understood in isolation from other variables. Instead, Clicks' success reflects an internally coherent and mutually reinforcing system of

strategic choices: pharmacy expansion, supply-chain integration, selective innovation, and customer engagement combine to produce a pattern of strong profitability, robust revenue growth, sustained investor confidence, and manageable though occasionally strained capital efficiency.

6.4 Recommendations for practice

Based on these conclusions, several practical recommendations can be made for Clicks' management and for other retail-pharmacy firms operating in similar contexts.

The first is to maintain pharmacy-led expansion while tightening capital discipline. Expansion of the pharmacy network should remain a strategic priority, given its clear contribution to EBIT and revenue. However, site selection, rollout pacing, and capital allocation processes should explicitly incorporate ROI thresholds and payback expectations to mitigate the short-term efficiency pressures associated with rapid scaling.

The second is to deepen capabilities that enhance productivity per outlet. To maximise the return on existing assets, Clicks should continue to invest in capabilities that increase throughput and efficiency at the store and pharmacy level. These include optimised staffing models, enhanced clinical-service offerings, digital tools for repeat prescriptions, and continuous improvement in logistics and inventory management.

Third, reframe market-share growth in terms of profitable dominance. Rather than treating additional market share as an end in itself, Clicks should focus on achieving profitable market share in key clusters and segments. This may require refined competitive strategies that prioritise depth over breadth, concentrate on high-value catchment areas, and reduce expansion in locations where cost duplication is likely.

The fourth is to elevate private-label strategy from margin support to value leadership. Private-label ranges should be strategically positioned not only as lower-cost alternatives but also as vehicles for innovation and brand strengthening, particularly in health and wellness categories. This could entail targeted product development, clearer branding, and more integrated in-store and digital promotion to increase both uptake and perceived value.

The fifth recommendation is to leverage data and loyalty platforms as core strategic assets. Although not directly modelled in the quantitative analysis, the role of ClubCard

and data-driven marketing is central to sustaining revenue growth and customer retention. Clicks should continue to invest in analytics capabilities, personalisation engines, and omnichannel engagement to amplify the benefits of its physical network and improve share.

The sixth recommendation is to sustain strategic consistency and transparent communication with investors. Given that market valuation reflects confidence in Clicks' strategy and execution, the firm should preserve its reputation for predictability, prudent risk-taking, and disciplined growth. Clear disclosure of capital allocation, the rationale for expansion, and profitability drivers will remain essential for maintaining investor trust.

6.5 Limitations of the Study

Like all empirical research, this study is subject to several limitations that should be considered when interpreting the findings.

First, the study relies exclusively on secondary, firm-level data drawn from publicly available sources over a ten-year period. While this approach ensured objectivity and data reliability, it restricted the analysis to variables disclosed in annual reports and financial databases. As a result, certain organisational and behavioural factors, such as managerial decision-making processes, employee capabilities, customer satisfaction, and digital maturity, could not be measured directly.

Second, the study adopts a single-case design focused on Clicks Group Limited. Although the case provides rich longitudinal insight into a successful retail-pharmacy model within a regulated environment, the findings may not be fully generalisable to other firms in the sector or to different national contexts.

Third, the relatively small sample size, constrained by the ten-year time horizon, limits the statistical power of the regression models and the ability to include more complex specifications. Potential issues such as omitted variable bias, multicollinearity, and endogeneity cannot be entirely ruled out, and the results should therefore be interpreted as indicative rather than causal.

These limitations do not invalidate the study's findings but highlight the need for caution in extrapolation and point to opportunities for further research.

6.6 Suggestions for future studies

Building on the study's findings and limitations, several avenues for future research are recommended.

Future studies could adopt comparative designs involving multiple retail-pharmacy firms within South Africa or across emerging markets to assess whether the strategic-performance relationships observed at Clicks are consistent across different organisational models and competitive environments. Such studies would enhance generalisability and allow for cross-firm benchmarking of strategic effectiveness.

Mixed-methods research designs combining quantitative analysis with qualitative approaches, such as interviews or case studies, could provide deeper insight into the managerial, organisational, and regulatory mechanisms underlying strategic decision-making. This would enable researchers to capture how strategic choices are formulated, implemented, and perceived within firms operating under regulatory constraints.

Further research could expand the range of variables examined by incorporating indicators of digital transformation, human capital development, customer loyalty, and supply chain sophistication. These factors may help explain indirect or mediating pathways through which strategic capabilities influence financial outcomes.

Finally, extending the time horizon or using higher-frequency data, such as quarterly financial reporting, could support more advanced time-series or panel analyses. This would allow researchers to explore dynamic effects, lagged relationships, and the long-term financial consequences of strategic investments in greater depth.

6.7 Conclusion

In conclusion, this study demonstrates that Clicks Group Limited's financial performance between 2015 and 2024 was shaped by a coherent configuration of strategic choices rather than isolated initiatives. Pharmacy network expansion

emerged as the central driver of operating profitability and revenue growth, while market positioning and private-label development played more nuanced, supportive roles within the broader strategic system.

By integrating quantitative evidence with established strategic management theories, the study clarifies how firms operating in regulated, low-margin environments translate strategic intent into sustained financial performance. The findings offer practical insight for retail-pharmacy managers and provide a foundation for future scholarly inquiry into strategy–performance relationships in emerging-market contexts.

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APPENDICES

Appendix A: Ethical clearance certificate (HSSREC approval letter)

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

09 June 2025

Ebinezer Tendaishe Musukutwa (216065112)
Grad School of Bus & Leadership
Westville Campus

Dear ET Musukutwa,

Protocol reference number: HSSREC/00008798/2025
Project title: Impact of strategic management decisions on financial performance: A case study of Clicks Group Limited
Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 05 June 2025 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

Incidents of adverse events and serious adverse events (AEs and SAEs) should be reported in writing to HSSREC, the study sponsors, and any regulatory authority (where appropriate), within 7 working days of the occurrence for local sites and 14 days for all other South African sites.

This approval is valid until 09 June 2026.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,

[redacted]

Doctor Shamila Naidoo (Interim Chair)

/nng

Appendix B: Strategic and financial variables dataset (2015–2024)

Appendix B1: Operational strategy variables (Pharmacies, Market share, Private label %)

Year	Pharmacies	Retail Pharmacy Market Share %	Private Label % of Sales
2015	361	18.7	
2016	384	19.0	21.7
2017	473	22.2	22.0
2018	510	23.3	22.0
2019	545	24.9	22.0
2020	585	23.8	23.0
2021	621	23.4	24.5
2022	673	23.7	24.2
2023	711	24.0	25.2
2024	720	24.2	25.4

Appendix B2: Financial performance variables (EBIT, ROI, Revenue)

Year	EBIT (R'000)	ROI (%)	REVENUE (R'000)
2015	1 396 039	60,14%	23 285 096
2016	1 571 636	54,99%	25 530 967
2017	1 813 577	48,98%	28 342 607
2018	2 041 681	41,72%	30 981 958
2019	2 321 395	38,71%	33 376 010
2020	2 766 872	39,43%	36 102 951
2021	2 896 862	41,51%	39 982 414
2022	3 650 415	45,99%	42 500 019
2023	3 623 039	43,99%	44 560 532
2024	4 171 852	46,42%	48 609 808

Appendix C: Monthly closing share price data (2015–2024)

Appendix C1: Closing share price – 2015

Month	Closing share price (ZAc)
January	9 032,00
February	8 955,00
March	9 144,00
April	9 129,00
May	8 616,00
June	9 000,00
July	9 648,00
August	9 154,00
September	8 983,00
October	10 110,00
November	9 701,00
December	8 900,00

Appendix C2: Closing share price – 2016

Month	Closing share price (ZAc)
January	8 690,00
February	9 250,00
March	9 718,00
April	10 397,00
May	10 770,00
June	12 270,00
July	12 426,00
August	12 110,00
September	12 713,00
October	12 550,00
November	12 061,00
December	11 550,00

Appendix C3: Closing share price – 2017

Month	Closing share price (ZAc)
January	12 200,00
February	12 850,00
March	12 810,00
April	13 423,00
May	13 622,00
June	14 000,00
July	14 926,00
August	14 880,00
September	15 803,00
October	15 843,00
November	17 339,00
December	18 113,00

Appendix C4: Closing share price – 2018

Month	Closing share price (ZAc)
January	17 082,00
February	16 905,00
March	18 211,00
April	21 368,00
May	20 199,00
June	19 653,00
July	19 326,00
August	20 300,00
September	17 500,00
October	18 800,00
November	18 779,00
December	18 113,00

Appendix C5: Closing share price – 2019

Month	Closing share price (ZAc)
January	19 690,00
February	18 066,00
March	18 421,00
April	19 566,00
May	19 067,00
June	20 529,00
July	20 425,00
August	19 900,00
September	21 499,00
October	24 578,00
November	25 045,00
December	25 659,00

Appendix C6: Closing share price – 2020

Month	Closing share price (ZAc)
January	24 428,00
February	23 550,00
March	25 770,00
April	23 071,00
May	23 276,00
June	21 036,00
July	22 827,00
August	23 000,00
September	22 233,00
October	23 595,00
November	23 478,00
December	25 267,00

Appendix C7: Closing share price – 2021

Month	Closing share price (ZAc)
January	24 850,00
February	24 476,00
March	24 040,00
April	24 220,00
May	25 750,00
June	24 569,00
July	26 508,00
August	30 256,00
September	27 770,00
October	27 884,00
November	28 350,00
December	31 553,00

Appendix C8: Closing share price – 2022

Month	Closing share price (ZAc)
January	29 512,00
February	29 895,00
March	30 905,00
April	31 082,00
May	30 447,00
June	27 331,00
July	27 981,00
August	29 802,00
September	28 546,00
October	31 125,00
November	29 496,00
December	27 008,00

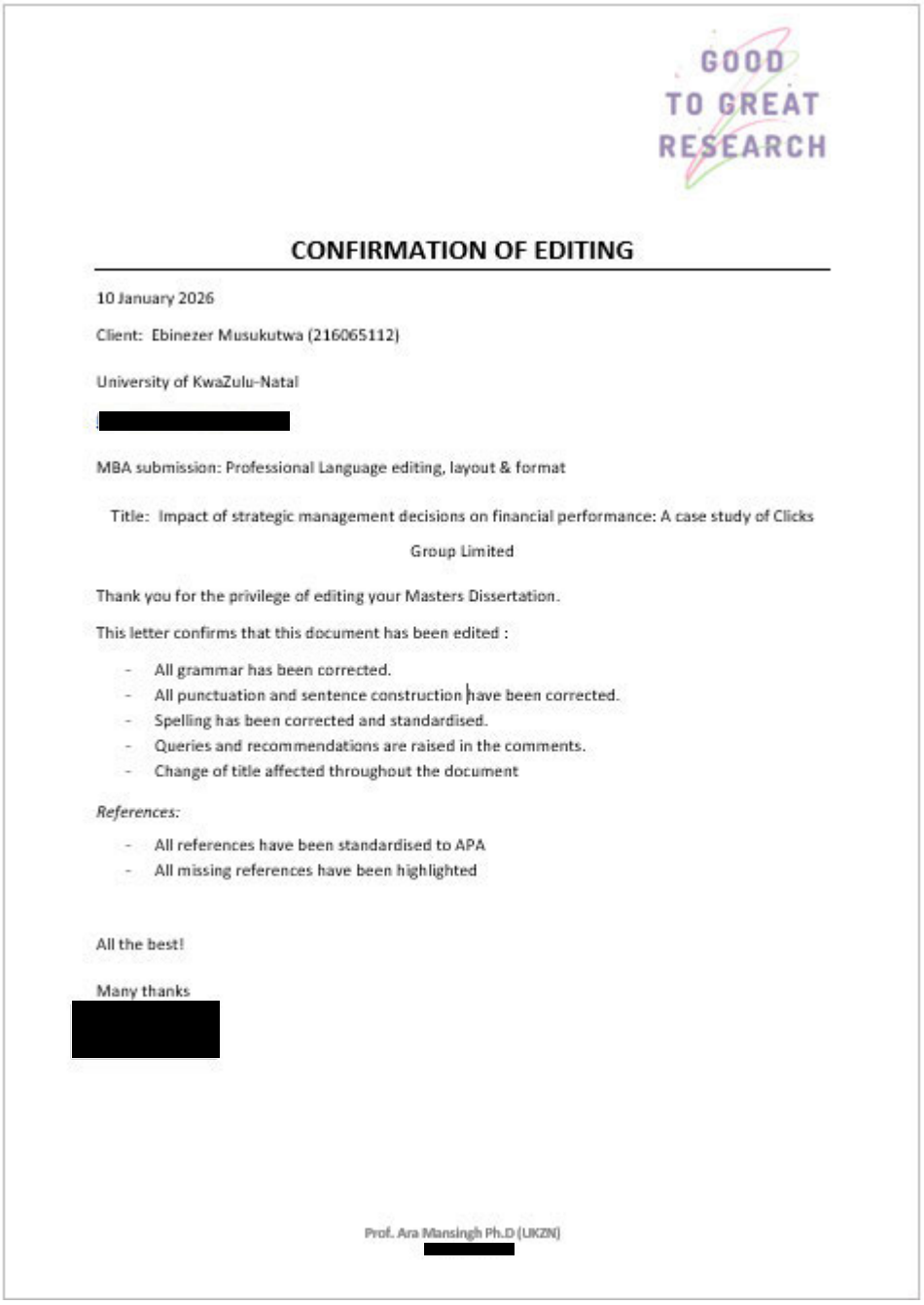
Appendix C9: Closing share price – 2023

Month	Closing share price (ZAc)
January	26 538,00
February	26 750,00
March	25 713,00
April	26 734,00
May	23 450,00
June	26 129,00
July	28 052,00
August	27 350,00
September	25 865,00
October	27 464,00
November	29 514,00
December	32 571,00

Appendix C10: Closing share price – 2024

Month	Closing share price (ZAc)
January	30 094,00
February	30 009,00
March	29 611,00
April	29 153,00
May	29 576,00
June	34 436,00
July	35 400,00
August	37 369,00
September	39 697,00
October	37 634,00
November	39 290,00
December	37 310,00

Appendix D: Editor Confirmation



GOOD TO GREAT RESEARCH

CONFIRMATION OF EDITING

10 January 2026

Client: Ebinezer Musukutwa (216065112)

University of KwaZulu-Natal

[redacted]

MBA submission: Professional Language editing, layout & format

Title: Impact of strategic management decisions on financial performance: A case study of Clicks Group Limited

Thank you for the privilege of editing your Masters Dissertation.

This letter confirms that this document has been edited :

- All grammar has been corrected.
- All punctuation and sentence construction have been corrected.
- Spelling has been corrected and standardised.
- Queries and recommendations are raised in the comments.
- Change of title affected throughout the document

References:

- All references have been standardised to APA
- All missing references have been highlighted

All the best!

Many thanks

[redacted]

Prof. Ara Mansingh Ph.D (UKZN)

[redacted]