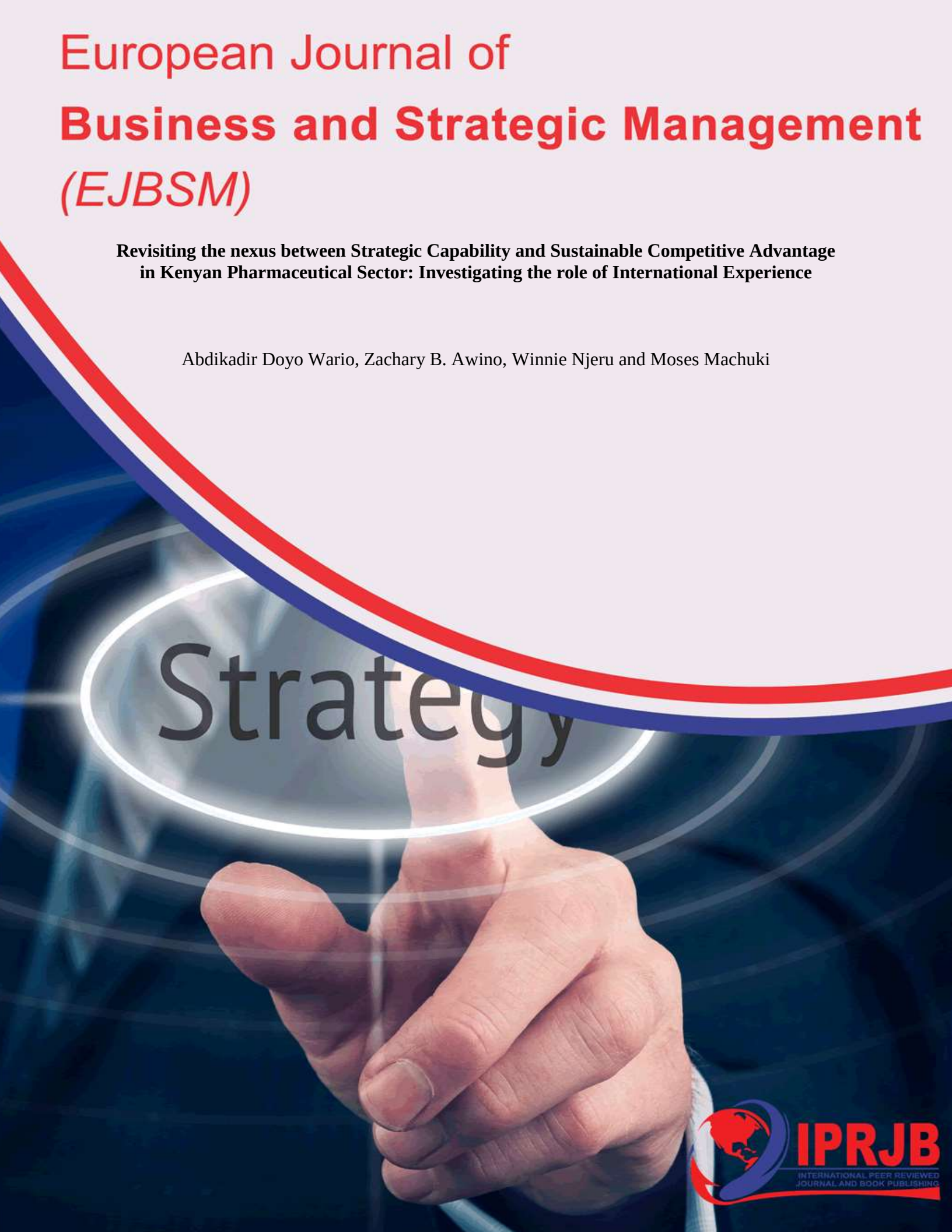


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**Revisiting the nexus between Strategic Capability and Sustainable Competitive Advantage
in Kenyan Pharmaceutical Sector: Investigating the role of International Experience**

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Strategy

Revisiting the nexus between Strategic Capability and Sustainable Competitive Advantage in Kenyan Pharmaceutical Sector: Investigating the Role of International Experience



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Abstract

Purpose: Global firms today face intensive competitive landscape distinguished by accelerated technological disruptions, evolving customer expectations and uncertainties compelling firms to continuously adopt effective strategies in pursuit of creating sustained competitive superiority. The pharmaceutical industry in Kenya is exposed to tough competitiveness and major challenges including counterfeit medication, decrease in consumer purchasing power, higher costs of utilities, reduction in donor funding and the government diminished capacity to purchase pharmaceutical products. These challenges have prompted new thinking about how internal resources and capabilities can enhance competitiveness of the large pharmaceutical sector in Kenya. This investigation examined the moderating impact of international experience in the interrelationship between strategic capability and superior competitive position among top pharmaceutical firms in Kenya.

Methodology: Employing a cross-sectional survey research design, the investigation undertook a census of all 73 major pharmaceutical entities operating in Kenya. Cross-sectional data were gathered through structured questionnaires and examined using both descriptive and inferential statistical techniques with the aid of Stata and SPSS Version 24.

Findings: The study revealed a statistically significant positive link between strategic capability and durable competitive edge. Among the dimensions of strategic capability, technological capability emerged as the most influential, reflecting the research-intensive nature of the pharmaceutical industry. The findings also identified market share and differentiation as the dominant constructs of sustained competitive superiority, underscoring their strategic importance within Kenya's pharmaceutical sector. Further, the inquiry affirmed the moderating effect of international experience on the nexus linking the strategic capability and lasting organizational superiority. With respect to international experience, the firm's geographical scope of operations emerged as the strongest indicator, suggesting that firms with greater international exposure are in a position to strengthen their strategic capabilities to realize enduring competitive success,

Unique Contribution to Theory, Practice and Policy: The results contribute empirical support for Dynamic Capability Theory, the Resource-Based View and Knowledge-Based View (KBV) of the firm by demonstrating that the effective reconfiguration and deployment of strategic resources enhance organizational competitiveness, particularly among firms with substantial international experience. International exposure enables firms to strengthen organizational flexibility, acquire valuable market knowledge, and exploit emerging opportunities across diverse competitive environments, thereby reinforcing sustainable competitive advantage. Future research should extend this work by incorporating additional moderating and mediating variables and adopting mixed-methods and longitudinal research designs to provide deeper theoretical and empirical insights into the mechanisms through which strategic capability influences durable competitive advantage. The findings offer important implications for the boards and management of large pharmaceutical firms, the Pharmacy and Poisons Board, policymakers and investors. In particular, pharmaceutical firms should prioritize the continuous development of strategic capabilities and strategically invest in those capability dimensions that most effectively drive sustainable competitive superiority within an increasingly dynamic and globally competitive business environment.

Keywords: *Strategic Capability, Sustainable Competitive Advantage, International Experience, Pharmaceutical Industry*

JEL Codes: L10, L25, M10, M19

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INTRODUCTION

The global business environment in which organizations operate today is shifting under intense pressure from multiple forces. Increasing customer demand, swift technological shift, regulatory requirements and environmental restrictions elevate the need of firms to possess international experience. For both domestic or regional firms in an emerging market to survive, organizational learning is among critical capabilities that connects them to external market space and enhances competitiveness (Cruiz-Ruiz et al., 2025). Further, international experience is an antecedent of contextual nature that could boost strategic capability which in turn enables firms to develop innovation and marketing capabilities to exploit new market opportunities and competencies (Ferreira et al., 2019). Hattab et al. (2023) portend that strategic capability in an organization can be described as knowledge, skills, processes, property, technology, patents and actions generating value that contribute to sustained strategic advantage. Organizations with strategic capability must identify, utilize and protect their key resources while reducing waste and enhancing efficiency, thereby enjoying a competitive advantage.

The Pharmaceutical industry in Kenya comprises firms that are engaged in development, production and distribution of medicines that are critical for prevention and treatment of diseases. UNIDO and the Kenyan government are improving pharmaceutical production to lower drug prices and increase access (UNIDO, 2021). The Kenya Vision 2030 aims to promote an efficient, innovative and sustainable pharmaceutical sector (MOH, 2020). The pharmaceutical industry accounts for 8% of Kenya's GDP, generates thousands of jobs and caters for 50% of COMESA's pharmaceutical demand. Kenya produces the most medications in East and Central Africa (Omondi & Deya, 2023). Large pharmaceutical firms operating in Kenya are both locally owned enterprises and multinational corporations that engage in manufacturing, marketing and distributing of pharmaceutical items (PPB, 2020). The definition of what constitute a 'big pharma or large firms' differs depending on the context, for instance in Brazil (greater than 500) employees (Paranhos et al., 2023) while in Ghana and Kenya (over 100) employees (National Treasury and Planning, 2019 & KAM 2019).

Globally, it is estimated that the pharmaceutical industry is valued at 1060 billion euros. The big pharma is largely concentrated in North America (45%), Europe (23%), China (10%), Japan (7%) and the rest of the world including Kenya, collectively contribute around 11% of the global share (Vieira et al., 2021). There are significant discrepancies in research focus across global pharmaceutical industries. Studies in American region which is predominantly the leader concentrated on development and marketing, while research in Europe show a strong inclination towards the domains of production and distribution. The investigation in developing countries is largely exploratory with primary focus on marketing (Oriekhoe et al., 2024).

Statement of the Problem

Healthcare and medicines are being transformed by biotechnology, digital innovation and changing illness patterns (World Bank, 2025). Health related pharmaceuticals must be inexpensive and vital under SDG 3. Despite the criticality of the pharmaceutical industry to the Kenyan populace, the industry faces counterfeit goods, changing rules, rapid technological developments and worldwide generic competition that thwart its sustainable competitiveness. This is not far from inherent problems in many developing economies such as Africa that call for tailored research

frameworks owing to technology inadequacies, dependence on imported active pharmaceutical ingredients (APIs), infrastructural deficits and intricate market systems (Abbot et al., 2021 & Ussai et, al.,2022). The resource constraints in less developed economies impede explanatory power of RBV and DCT which essentially focus on resource rich organizational environment reinforcing the necessity of inclusion of firm's international experience in explaining durable competitive advantage.

In the context of Africa's Pharmaceutical industry, scanty studies focused on how strategic capabilities and international experience impact on the sustainable strategic advantage. Irrespective of the significant contribution, various studies conceptualize organization capabilities in a relatively narrow way, restricting it to technological and innovation dimensions limiting understanding of strategic capability as a multidimensional construct (Hattab et al., 2023; Abd Aziz, 2019; Andjarwati, 2020 & Sarwenda, 2020). Despite these conceptual divergences, examination undertaken by (Ngeche, 2022; Farida and Setiawan, 2022; and Amaya et al., 2024) established direct positive connection and reported that strategic capability significantly enhances sustained competitive superiority.

Notwithstanding significant function of pharmaceutical industry in Kenya and their possession of unique resource constraints, it has received limited attention from researchers, thereby motivating the current study within the context of commercial entities operating in less developed economy. This study sought to unravel how does the international experience moderate the interplay between strategic capability and enduring market advantage among top pharmaceutical companies in Kenya?

Research Objectives

The study is organized around the following specific objectives:

- i. To evaluate the impact of Strategic Capability on sustained market leadership in major pharmaceutical companies in Kenya.
- ii. To examine the effect of international experience on the association between Strategic Capability and lasting organizational superiority in top pharmaceutical companies in Kenya.

LITERATURE REVIEW

The section entails empirical literature review, theoretical framework, hypothesis development and conceptual framework.

Empirical Review

Despite a broad base of research on strategic capabilities and resilient competitive superiority, many existing studies adopt a fragmented and often narrow operationalization of key indicators. Studies by Abd-Aziz (2019) investigated on technological and innovation capabilities. Similarly, an investigation by Andjarwati (2020) on pharmaceutical industries in Indonesia suggest management, innovation and technological capabilities positively influence lasting strategic advantage. An analysis by Viera et al. (2021) on the determinants of internationalization as a critical contributor to competitiveness in the Portuguese pharmaceutical export performance, measured strategic capability using innovation and, R &D). Despite the significant contribution,

the inquiries conceptualized organization capabilities in a relatively narrow way, restricting it to technological and innovation dimensions. This limited scope constrains the understanding of strategic capability as a multidimensional construct.

Hollender et al. (2017) applied RBV to examine how international experience and product adaptability affect foreign market entry mode and competitive success in 133 German manufacturing SMEs. The result demonstrated that foreign knowledge alone is insufficient to secure competitive advantage unless combined with product adaptability. This study is constrained by its narrow focus on product adaptability rather than broader view of internal resources and competencies. Consistent with this finding an investigation by Viera et al. (2021) demonstrated that possession of international experience alone is insufficient to guarantee high performance and sustained competitive superiority unless complemented by well-developed strategic capability. Similarly, Marco-Lajara (2023) observed that international overseas operation alone is insufficient to earn a firm resilient competitive success instead the international knowledge must be transformed into strategic capability to realize performance gains. Notwithstanding this finding, there remains unexplored area on how international experience influence the nexus between internal strategic capabilities and resilient competitive advantage in an emerging economy. The present analysis responded to this limited perspective by exploring the impact of international experience on the link between strategic capability and persistent competitive superiority.

In a systematic literature review on measuring experience among international businesses, Parracho and Silva (2021) revealed that firms with experience of international matters are exposed to unique business environment, knowledge and skills which is hard for competitors to duplicate, thus contributing to competitive superiority. The study expounded on the complexity of measuring international experience and argues that although global exposure is pivotal asset in overcoming the liability of foreignness and strengthening the competitive positioning, there is inconsistency and lack of clarity of constructs of measuring international experience which weakness theoretical underpinning of the influence of international experience on competitiveness of the firm. The study however had weak grounding in theory that would have provided directions on variable conceptualization, a gap that was bridged by incorporating several theories in conceptualization of current study constructs. Consistent with this perspective meta-analysis evidence of 170 studies by Aydemir and Alper (2024) demonstrated that international experience significantly contributes to competitive performance. The findings align with numerous firm level studies which affirm that knowledge attained by the organizations through international operation enhances efficiency, innovation and improves overall performance. Despite a rich body of literature on international business, there remains a limited understanding of how strategic capability and international experience influence the realization of sustained competitive success, particularly within the context of firms operating in less developed economies. Firms in developing countries require tailored research frameworks owing to technology inadequacies, infrastructural deficits and intricate market systems.

Tan and Sousa (2019) investigated the moderation influence of innovation capability and foreign experience on the link between poor performance and foreign exit. The researchers concluded that a firm exhibiting poor performance outcomes but has profound international experience, gain stronger innovative capability that mitigate the likelihood of foreign market exit. Evidence by Oscar et al. (2022) in 140 Australian SME context emphasized that international experience

improves performance through strengthening firm network capability which in turn drives better international performance and prolonged competitive success. Zahra et al. (2022) argues that international experience enhances a firm's strategic flexibility and innovation capacity by serving as a catalyst for the enhancement of dynamic capabilities. These studies manifested capabilities as channels through which processes of sensing international opportunities and threats shift organizational competitiveness. Thus, seizing them through timely resource commitments and transforming organizational routines, results to equipping firms to navigate complex and volatile environments. The authors emphasize that heightened strategic advantage does not stem from the possession of static resources, but rather from a firm's ability to adapt strategically through experiential learning and continuous capability reconfiguration.

According to Zhou et al. (2020) whose investigation centered on the impact of CEO overseas experience on the performance of Chinese enterprises, global exposure among top management serves as a pivotal driver of competitive advantage. Tasheva and Nielsen (2022) studied how top executive international exposure affect the correlation between global strategic capability and competitive success, their inquiry established that top management team with international experience gain ability to sense, seize and reconfigure opportunities worldwide and achieve competitive success. By integrating international experience with innovation and reconfigurable capabilities, this study provides a more dynamic understanding of how durable competitive advantage is developed and maintained. These studies make significant contribution on the role of international knowledge in contributing to durable competitive advantage; however, it exclusively emphasized on international exposure of top management as the primary construct in measuring international experience leaving out broader indicators of international experience at the organization level. In contrast, the current study advances the literature by incorporating firm level constructs such as length and scope of international engagement.

Despite these conceptual divergences, examination undertaken by (Ngeche, 2022; Farida and Setiawan, 2022; & Amaya et al., 2024) established direct positive connection and reported that strategic capability significantly enhances durable competitive success. Similarly, Cruiz Ruiz et al. (2025) applied the RBV framework and DCT in comprehensive literature review to examine the effect of intangible assets on sustained competitive edge with explicit emphasis on hotel sector. Their research concluded that organizational capabilities such as innovation, marketing, resilience and management capabilities contribute to prolonged competitive advantage. International experience denotes the insights and expertise that companies gain from engaging in or partnering with overseas markets which has not been explored in a Kenyan context. This expertise can improve a company's capacity to recalibrate to varying market situations, cultivate innovation and develop competitiveness while leveraging on distinct resources and guided by RBV.

Theoretical Framework and Hypothesis Development

RBV emphasizes the significance of internal resources and capabilities that are inimitable and non-substitutable as the sources of prolonged competitive superiority (Barney, 1991). Drawing on this perspective the Dynamic Capabilities View affirms the centrality of an organization's ability to renew, combine and restructure internal and external competencies in reaction to continuously evolving business landscape (Teece et al., 1997). The proponents of the blue ocean strategy advances for the creation of unexplored market segments through innovation rather than direct

competition in highly competitive market environments (Kim & Mauborgne, 2005). Jointly, these theoretical viewpoints underscore that SCA is realized through a combination of strategic capabilities, continuous innovation and environmental responsiveness.

This research was guided by RBV, DCT and KBV. The Resource-Based View was advanced by Barney (1991) who asserts that valuable, uncommon, unique and none substitutable resources foster long term competitive advantage. These assets, talents and expertise empower firms to achieve success when they are difficult to replicate (Teece, 2017). RBV orchestrates and allocates resources using organizational competencies. By focusing on internal strengths, the RBV helps organizations understand how their distinctive resources may cause and maintain a competitive advantage (Ferreira & Coelho, 2020), however, the static perspective of RBV limits the understanding of how enterprises adapt themselves to changes in the environment (Teece, 2017). In spite of this limitation, the Resource-Based View framework was adopted as a theoretical lens in interpreting the role of strategic capability in this study.

Teece et al. (1997) coined DCT which postulates that the unique resources a firm possesses and its ability to restructure them in adapting to changes in the business environment contribute to continued competitive advantage. In the globalized world, emerging technologies and open market has forced companies to adopt flexible strategies in order to remain competitive (Teece et al., 1997). Akhtar et al. (2020), argues that dynamic capability skills enable firms to respond to advances in technology, consumer demand fluctuations and regulatory changes. The DCT perspective focuses more on internal competencies rather than on external factors such as competitive pressure, legislative changes and market disruption that can impede an enterprise's adjustment. DCT enable organizations to develop dynamic skills, operational efficiencies that offer flexibility, innovativeness and the ability to adapt to newly emerging opportunities (Luo & Tung, 2018). Tacit knowledge of workers within the organization enables it to explore opportunities and prevent risks in advance and improve operational efficiency and effectiveness. DCT is the anchoring theory which evaluates how the major Kenyan pharmaceutical firms deploy foreign experience to reorganize resources, create innovation and remain competitive in a globally changing market.

The Knowledge-Based View (KBV) of the firm, pioneered by Grant (1996), regards knowledge as a critical strategic resource and organizational capability as the outcome of effectively integrating specialized knowledge. From this perspective, international experience provides pharmaceutical manufacturers with access to diverse knowledge concerning technologies, regulatory systems, quality standards, production practices, markets and customer requirements. Recent research confirms that the KBV provides a useful explanation of how firms acquire, transfer, integrate and deploy knowledge across international environments (Stoian, Tardios, & Samdanis, 2024). Evidence from emerging-market pharmaceutical and biotechnology firms indicates that foreign R&D activities and managers with international experience can facilitate innovation catch-up and strengthen firm capabilities (Li & Park, 2023). Moreover, international experience enhances knowledge acquisition and sharing, enabling firms to recombine external knowledge into distinctive capabilities (Fan et al., 2024). Thus, consistent with KBV, international experience is expected to strengthen strategic capability by transforming externally acquired knowledge into difficult-to-imitate organizational competencies, thereby contributing to sustainable competitive advantage.

In formulating testable hypotheses, the study assumes null forms for statistical testing;

H₀₁: There is no significant association between strategic capability and sustainable competitive superiority of large pharmaceutical companies in Kenya.

H₀₂: There is no significant moderating influence of international experience on the connection between strategic capability and long-lasting competitive position of major pharmaceutical enterprises in Kenya.

Conceptual Framework

The conceptual framework connecting the main study variables was drawn from the literature review as illustrated in figure 1.

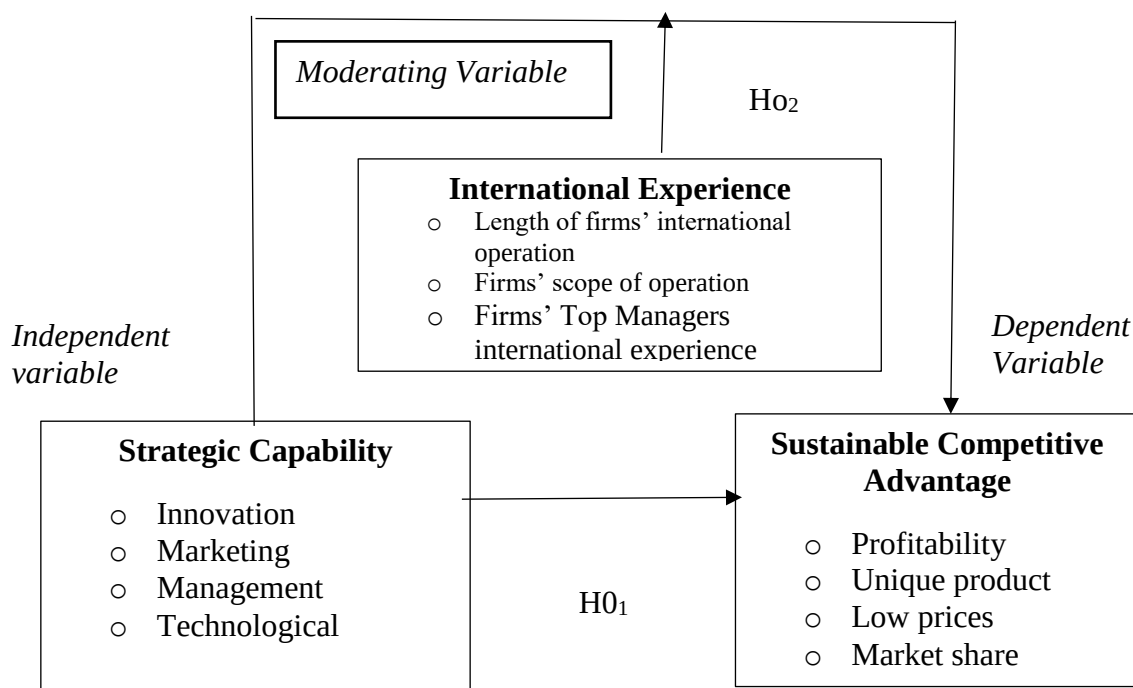


Figure 1: Conceptual Model

Strategic capability is expected to sway sustainable competitive advantage through innovation, marketing, management and technology. It is also envisioned that the linkage will be moderated by presence of international experience.

METHODOLOGY

This analysis adopted a cross-sectional survey design utilizing a descriptive approach. A census technique was employed to ensure comprehensive inclusion of all the 73 large pharmaceutical companies registered in Kenya, as documented by the Pharmacy and Poisons Board to enhance the reliability of findings. Specifically, the investigation used structured questionnaire to collect data from the targeted respondents who are members of senior management within large pharmaceutical firms, including the Chief Executive Officer (CEO) or Marketing or Business Development Manager, or their equivalents.

Measurements of Variables

In this investigation the variables were conceptualized as follows: strategic capability as management, marketing, innovation and technological capabilities (Hattab et al., 2023; Kaliappen, 2018; Seyhan, 2017 & Carraresi et al., 2012). International experience attributes were measured using; length of firm international operations, firm scope of operation and firm top management international experience (Tang & Gudergan, 2018; Tan & Sousa, 2019; Batsakis & Singh, 2019; Wang & Larimo, 2020; Parracho & Silva, 2021). Whereas sustainable competitive advantage was assessed through dimensions such as profitability, unique product, low cost and market share (Arsawan et al., 2022; Begimkulov, 2024; Zairbani & Jaya, 2025; Abdeen et al., 2025).

RESULTS

Preliminary Findings

The study yielding 82.2% response rate after focusing on all the 73 large pharmaceutical companies registered in Kenya, as documented by the Pharmacy and Poisons Board. According to (PBP, 2020) the pharmaceutical firms that manufacture drugs, wholesalers and distributors are considered as large. The classification differs depending on the context, industry and is different from that of “Big Pharma” which constitute a few dozen of very large multinationals operating globally. The Federal Drug Administration (FDA) classify large firms (over 500 employees), however in Kenya’s context over 100 employees (National Treasury and Planning, 2019).

The most regularly adopted internal consistency or reliability measure is the Cronbach Alpha coefficient (Vaske et al., 2017). The study relied on Cronbach Alpha coefficient of over 0.7 which is in tandem with the view of (Taber, 2018).

Table 1: Reliability Analysis

Serial No.	Variable	No of Items used	Cronbach’s alpha(α)
1	Strategic Capabilities	30	0.81
2	Firm International Experience	22	0.72
4	Sustainable Competitive advantage	26	0.74
	Overall Reliability	78	0.76

Strategic capabilities, international experience and sustained competitive superiority exhibited Cronbach's Alpha coefficients of 0.81, 0.72, and 0.74, respectively. This study's Cronbach's Alpha coefficient of reliability cut-off points of > 0.7 was exceeded by 0.76 overall dependability. Thus, the instrument was reliable enough for primary data collection.

Content validity was evaluated using a pilot test involving 5 respondents randomly selected from 78 large pharmaceutical firms in Kenya whereas face validity was ensured by consulting academic supervisors who are experts in the field of the study. The KMO is essential in establishing construct validity and to evaluate the appropriateness of the dataset for further analysis. The Kaiser-Meyer-Olkin (KMO) was adopted to test construct validity and to assess the suitability of the dataset for further analysis. For the data to be considered suitable, the KMO value should exceed 0.5, and Bartlett’s Test of Sphericity should yield a p-value less than 0.05. Strategic capability constructs indicated at least 0.6 ($KMO=.904$, $\chi^2(59) = 7720.860$, $P=0.000$), international experience ($KMO=.680$, $\chi^2(59) = 325.734$, $P=0.000$) and sustainable competitive advantage are ($KMO=.771$,

χ^2 (59) =2269.748, $P=0.000$). These demonstrated that following the primary survey, the instrument produced accurate and genuine data.

Descriptive Analysis

Descriptive statistics for strategic capabilities indicated that technological capabilities recorded the highest average score of 4.081, a standard deviation (SD) 0.730 and CV (Coefficient of variation) of 0.18; marketing capabilities mean score 3.645, SD 0.839 and CV of 0.23; innovation capability mean score of 3.697, SD of 1.019 and CV of 28%. Management capability mean rating of 3.840, SD 0.883 and CV=23%. Most respondents agreed that technological capabilities have highest average score, indicating a strong anticipation of new technology helping big pharmaceutical corporations gain and maintain competitive edge.

The scores for international experience showed that length of firm international experience $M = 3.712$, $SD = 0.897$, $CV = 25\%$, Firm scope of operation $M = 4.096$ ($SD = 0.711$, $CV = 17\%$) and firm's top managers international experience $M = 2.402$ ($SD = 0.789$, $CV = 37\%$). The most dominant aspect of international experience was the firm's broad scope of operation, while the lowest was managers' international exposure.

The descriptive statistics results for sustainable competitive advantage portray market share ($M = 4.2919$, $SD = 0.6938$, $CV = 0.16$), unique products ($M = 4.0242$, $SD = 0.755$, $CV = 0.19$) lower product prices ($M = 4.007$, $SD = 0.7419$, $CV = 0.19$) Profitability ($M = 3.908$, $SD = 0.8275$, $CV = 0.21$). The result confirm the significance of market share and differentiation in maintaining competitive success in pharmaceutical industry in Kenya.

Correlation Analysis

Table 2: Correlation Statistics

		Sustainable Competitive Advantage	Strategic Capability	International Experience
Sustainable Competitive advantage	Pearson Correlation Sig. (2-tailed)	1		
Strategic Capability	Pearson Correlation Sig. (2-tailed)	.573** .000	1	
Firm International Experience	Pearson Correlation Sig. (2-tailed)	.499** .000	.633** .000	1

Strategic capabilities and sustainable competitive superiority are strongly correlated ($r = 0.573$, $p = 0.00$), as shown in Table 2. This significant link demonstrates that strategic capabilities boost long term competitive success. A substantial association exists between firm international experience and durable competitive advantage ($r = 0.499$, $p = 0.00$), emphasizing the necessity of a firm international experience. All connections have statistically significant p -values < 0.05 . Therefore, Kenyan large pharmaceutical firms' sustainable competitive advantage depends on strategic capabilities and firm international experience.

Hypothesis Testing

The linkage between strategic capability and enduring competitive superiority was tested using simple linear regression analysis. In order to examine moderation effect of international experience on the association linking strategic capability and prolonged competitive advantage hierarchical multiple regression approach (stepwise method) was adopted as advanced by Baron and Kenny (1986) at five percent significance level. The Fisher distribution test (F-test) was undertaken to assess the overall statistical importance of the regression models. The t-test was utilized to evaluate the individual contributions of each criterion variable to the model.

Table 3: Regression Results for Strategic Capability and Sustainable Competitive Advantage

Model Summary										
Model	R	R Square	Adjusted R Square	Std. E of Est.	Change Statistics					Durbin-Watson
					R Sq. Change	F Change	df1	df2	Sig. F Change	
1	.752	.565	.562	.18983	.565	154.816	1	30	.000	1.900
a. Predictors: (Constant), Strategic Capability										
b. Dependent Variable: Sustainable competitive advantage of large pharmaceutical firms										
ANOVA										
Model			Sum of Squares	Df	Mean Square	F			Sig.	
1	Regression		5.572	1	5.570	154.837			.000	
	Residual		4.280	58	.0351					
	Total		9.860	59						
a. Dependent Variable: Sustainable competitive advantage of large pharmaceutical firms										
b. Predictors: (Constant), Strategic Capability										
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta				Tolerance	VIF	
1	(Constant)	1.804	.187			9.652	.000			
	Strategic Capability	.573	.046	.752		12.443	.000	1.000	1.000	
Dependent Variable: Sustainable competitive advantage of large pharmaceutical firms										

The research outcome depicted a strong positive association between strategic capability and the sustainable competitive success of the surveyed large pharmaceutical firms in Kenya ($R = 0.752$). The coefficient of determination demonstrates that strategic capability constitutes for 56.5% of the variability in long term competitive advantage and the rest of the 43.5% is associated to other factors not considered in this investigation. The overall model demonstrated statistically significant ($F = 154.816$, $p < 0.05$), confirming the reliability and goodness of fit of the regression model and validating the appropriateness of the dataset. The results further revealed that a single unit increment in strategic capability accounts for 0.573 boost in the differentiated competitive advantage of large pharmaceutical firms ($\beta = 0.573$, $t = 12.443$, $p < 0.05$). This empirical result affirms that strategic capability plays a critical function in strengthening competitive superiority. The study substantiates that hypothesis stating that strategic capability has no significant influence on the sustained competitive edge of large pharmaceutical companies in Kenya is rejected. Based

on these results the present examination regression model is constituted as follows: $SCA = 1.804 + .752SC + \varepsilon$ Where; SCA is Sustainable competitive advantage, SC is strategic capability, ε is the error term. Strengthening strategic capabilities such as innovation, marketing, management and technology can further influence their sustained competitive positioning in large pharmaceutical companies in Kenya.

Table 4: Model goodness of Fit on the Moderation of Firm International Experience on the Relationship between Strategic Capability and Sustainable Competitive Advantage

Model Summary										
Model	R	R Square	Adj Rs	Std. E of the Esti	R Squ-Change	Change Statistics F Change	df	df	F	Change
1	.542	.294	.292	1.55588	.294	163.92	1	58		.000
2	.544	.296	.293	1.55532	.002	1.286	1	58		.258
3	.552	.304	.299	1.54830	.008	4.568	1	58		.033
Analysis of Variance										
Model	Sum of Squares			Df	Mean Square	F	Sig.			
1	Regression	396.817			1	396.817	163.923			
	Residual	953.779			58	2.421				
	Total	1350.596			59					
2	Regression	399.927			2	199.964	82.664			
	Residual	950.669			57	2.419				
	Total	1350.596			59					
3	Regression	410.877			3	136.959	57.132			
	Residual	939.719			56	2.397				
	Total	1350.596			59					
1. Dependent Variable: sustainable competitive advantage										
2. Predictors: (Constant), Strategic Capability										
Predictors: (Constant), Strategic Capability, Firm International Experience										
3. Predictors: (Constant), Strategic Capability Firm International Experience interactions										
Coefficients										
Model		Unstandardized Coeff	Standardized Coeff	t	Sig.	Collinearity Statistics				
		B	Std. E	Beta		Tolerance	VIF			
1	(Constant)	2.653	.152		.000					
	Strategic Capability	.511	.040	.542	17.407	.000	1.000	1.000		
2	(Constant)	2.667	.153		.000					
	Strategic Capability,	.518	.040	.549	12.803	.000	.981	1.019		
	Firm International Experience	2,767	0.156	0.539	17.449					
3	(Constant)	0.530	.159		.000					
	Strategic Capability,	.461	.041	.562	12.842	.000	.960	1.041		
	Firm International Experience	.461	0,149	0.548	17,382					
	Strategic capability, international experience interaction	.037	0.139	0.483	13.073					
		0.48								
Dependent Variable: Sustainable Competitive advantage										

Dependent Variable: Sustainable Competitive advantage

Model 1 indicated that strategic capabilities alone explain 29.4% of durable competitive advantage variation ($R = 0.542$, $R^2 = 0.294$, $F = 163.923$, $p < 0.05$). Strategic capability, international experience and sustained competitive advantage, in Model 2, showed positive correlation ($R = 0.544$, $R^2 = 0.296$, $F = 82.664$, $p < 0.05$). The value of the interaction term in model three had a

substantial impact ($R = 0.552$ $R^2 = 0.304$, $F = 57.132$, $p < 0.05$) which confirmed moderating effect. The significant effect of the interaction term of strategic capability and international experience on prolonged competitive superiority confirm that international experience moderates the interplay between strategic capability and sustained strategic advantage. Furthermore, the regression model $CA = a + \beta_1 SC + \beta_2 IE + \beta_3 SC * IE + \varepsilon$ is substituted as follows; $CA = .530 + 0.562 SC + .548 IE + .483 SC * IE + \varepsilon$ Where; SCA= Sustainable Competitive Advantage, SC=Strategic Capability IE=Firm international experience $SC * IE$ =Strategic Capability-firm international experience interaction.

Discussion

The outcome of the first hypothesis demonstrate that strategic capability is a significant predictor of sustained competitive success. This result depicts that firms with properly aligned strategic capabilities are more adept to fortify their marketing capabilities, embrace innovation, heighten the adoption of emerging technologies, and develop effective and efficient human capital, thereby enabling them to achieve and sustain a superior competitive advantage. This outcome agrees with previous empirical studies, Ngeche (2022) established that strategic capacity significantly influences lasting competitive advantage, with strategic orientation exerting a moderating effect. The investigation is based on a similar theoretical anchorage (RBV and DCT) emphasizing that firm specific capabilities underpin sustained competitive edge in a continuously changing business environment. Melese and Knatco (2024) demonstrated that strategic capability exerts significant positive effect on organizational effectiveness and mediates the connection linking technology orientation and performance outcomes. Similarly, Lubis (2022) found significant positive impacts of capabilities and organizational resources on competitive advantage, thereby supporting the RBV perspective. The research by Farida and Setiawan (2022) emphasizes internal alignment as a key to competitiveness. Andjarwati (2020) evaluated the influence of innovation capabilities on organizational performance within Indonesia's pharmaceutical industry, concluding that management, technology and innovation capabilities significantly and positively affect both firm performance and competitive advantage. Majeed et al (2025) illustrate that organizational capabilities constitute a significant transmission mechanism through which strategic orientation is converted into durable competitive advantage.

The current research investigated the moderating impact of firm international experience on the linkage connecting strategic capability and sustained competitive superiority among large Kenyan pharmaceutical companies. The research conceptualized firm international experience using three key dimensions: length of firm international experience, the geographical spread of the firm across national borders and top management's international experience. The outcome of the study established evidence of moderation of international experience on the linkage between strategic capability and persistent competitive superiority in top Kenyan pharmaceutical enterprises. This signifies that firm international exposure enhances the effect of strategic capability on durable competitive edge, enabling large pharmaceutical companies to focus on their technological advancement, market positioning, improve managerial operational efficiency and strengthen their innovation ability to remain competitive in a dynamic business environment. The analysis result aligns with existing literature on the role of firm foreign experience in reinforcing prolonged competitive superiority. Chiu et al., (2022) portend that strategic capability and international experience are significant determinant of long term competitive advantage amongst the firms

operating in a highly competitive international business environment. A study by Tan and Sousa (2019) discovered that international experience moderates how performance is related to innovation capability. Parracho and Silva (2021) demonstrated that organizations with longer exposure to overseas business operation develop specialized knowledge, advanced operational skills and unique market insights that are difficult for competitors to duplicate, thus reinforcing their competitive advantage.

These findings are particularly significant to large pharmaceutical firms, where competitive success in international markets is contingent upon addressing complex regulatory hurdles, adapting to diverse consumer needs and leveraging global supply chains. Companies that expand beyond their national borders, foster international partnerships and recruit management teams with extensive cross border experience are more likely to achieve sustained competitive success, thus strengthening their strategic capabilities and enabling them to compete effectively in both local and overseas markets. International exposure helps organizations establish strategy, innovate and adapt quicker to changing international environments.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The result depicts that strategic capability has a significant positive influence on long term market advantage. Particularly, investments in technology, innovation, marketing and management capabilities enable firms to enhance operational efficiency and effective response to dynamic environment, thereby sustaining prolonged competitive edge. Technological capability emerged as the most influential construct which affirm the innovative and technological based nature of the pharmaceutical industry which is vital for developing new products, improving production processes and maintaining competitive superiority.

Durable competitive advantage was operationalized using four key indicators: cost leadership, differentiation, market share and profitability. Differentiation and market share recorded the strongest influence. Market share is critical because the commercial lifespan of patented drugs is limited, this short time frame makes the ability to capture market and highest sales volume an essential determinant of prolonged competitiveness. Differentiation remains central for production of innovative products, including blockbuster drugs capable of treating multiple condition which is a vital strategic mechanism for sustaining competitive superiority.

The finding of the inquiry established that firm international experience significantly moderates the relationship between strategic capability and sustained market leadership. International experience was operationalized through top management's international experience, the geographical spread of the company and the number of years of international business operations. The findings illustrate that firms with broader international exposure are better positioned to strengthen their strategic capabilities by capitalizing on varying market knowledge, navigating complex regulatory environments and responding effectively to diverse institutional competitive conditions. The geographical spread of the firm emerged as the most influential construct, demonstrating that operating across multiple countries enables firms to accumulate valuable experience strengthening their strategic capability, enhance their ability to sustain competitive position within highly competitive and regulated pharmaceutical industry.

The investigation was based on three complementary theoretical perspectives: the Resource-Based View (RBV), Dynamic Capability Theory (DCT) and KBV. The RBV emphasizes on the unique internal resources and capabilities as sources of enduring competitive success. The DCT extends this perspective by highlighting the importance of organizational flexibility and innovativeness enabling firms to constantly reconfigure and strengthen their strategic capability to remain competitive. KBV provide how international experience can expose firms to knowledge that is subsequently internalized through organizational learning, knowledge sharing, employee development and the refinement of organizational routines. Jointly, these theories presented a comprehensive framework for explaining how strategic capability and firm international experience contribute to competitive sustainability. Overall, the findings suggest that Kenyan pharmaceutical firms can strengthen their sustainable strategic advantage by continuously developing their internal resources and capabilities while expanding their overseas presence.

Recommendations

The study provides actionable robust empirical evidence for boards of directors, senior executives and managers of large pharmaceutical firms. The results emphasize rapid response to dynamic market conditions, technological disruptions and evolving customer demands. The board of directors and managers of large pharmaceutical companies should invest in technological advancement, innovation, marketing capability and managerial competence to enhance organizational competitiveness and long-term performance. The inquiry further underscores the need for policies that strengthen firms' technological and innovation capabilities through sustained investments that would improve the competitiveness of large pharmaceutical companies in Kenya. Consequently, firms are better positioned to mitigate persistent organizational challenges, including declining performance, workforce downsizing, branch closures and cost-reduction pressures.

The investigation results reinforce the central propositions of the RBV, DCT and KBV. The RBV's assumes that VRIN and well-arranged resources serve as the foundation of sustained organizational performance. The DCT demonstrate that firms possessing flexibility and innovation in a continuously changing environment have a greater capacity to respond to dynamic market conditions and sustain resilient competitiveness. KBV is important for pharmaceutical manufacturers in emerging economies, where international exposure can help compensate for limitations in technological and institutional knowledge. Overall, the study provides valuable evidence for policymakers, managers and researchers by demonstrating that the effective integration of internal strategic resources and capabilities with international experience enhances organizational competitiveness, improves firm performance and supports the long-term global competitiveness of the pharmaceutical industry in Kenya.

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