

European Journal of Business and Strategic Management (EJBSM)

**Influence of Marketing Capability on the Performance of Pharmaceutical Companies in
Kenya**

Meshack Owira Okok, Dr. Jared Deya and Dr. Gladys Rotich

Strategy

Influence of Marketing Capability on the Performance of Pharmaceutical Companies in Kenya



Meshack Owira Okok

School of Business, Jomo Kenyatta University of
Agriculture and Technology



Dr. Jared Deya

Lecturer, School of Business, Jomo Kenyatta University
of Agriculture and Technology



Dr. Gladys Rotich

Lecturer, School of Business, Jomo Kenyatta University
of Agriculture and Technology

Article History

Received 13th February 2024
Received in Revised Form 21st March 2024
Accepted 23rd April 2024



How to cite in APA format:

Okok, M., Deya, J., & Rotich, G. (2024). Influence of Marketing Capability on the Performance of Pharmaceutical Companies in Kenya. *European Journal of Business and Strategic Management*, 9(2), 12–27. <https://doi.org/10.47604/ejbsm.2505>

Abstract

Purpose: The main objective of the study is to assess the effects of marketing capability on the performance of pharmaceutical companies in Kenya.

Methodology: The population comprised the 415 pharmaceutical companies that are operating within the country. The study used stratified random sampling with sample size of 103 respondents. The study targeted both manufacturers and distributors. Primary and secondary data was collected using a questionnaire covering the five variables and background information. The data was entered in SPSS version 23.0 for further analysis, descriptive statistics was computed such that the study used mean, frequencies, percentages and inferential statistics to test the relationship between the study variables.

Findings: The correlation analysis revealed that there was a positive and significant association between marketing capability and firm performance ($r = 0.608$, $p = 0.000$). Regression of coefficients results revealed that marketing capability and firm performance are positively and significantly related ($\beta = 0.758$, $p = 0.000$). This implies that a unit increase in marketing capability would lead to increase in firm performance by 0.758. This implies that marketing capability significantly and positively influences performance of pharmaceutical companies in Kenya. Through marketing strategies, a firm is able to arouse interest of a customer to their products. It is concluded that the pharmaceuticals in Kenya have employed various marketing strategies that necessitate extension of pharmaceutical market hence improving performance.

Unique Contribution to Theory, Practice and Policy: The study recommended the pharmaceutical company's management should embrace modern techniques of marketing to ensure they promote the sale of their products. The firms should prioritize customers' feedback to adequately fulfil their orders. Pharmaceutical companies should also embrace uniqueness in branding and quality to form a unique selling point for the company to arouse interest of the customer in the market.

Keywords: *Marketing Capability, Performance, Pharmaceutical Companies*

©2024 by the Authors. This Article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>)

INTRODUCTION

Marketing capability is a critical factor in determining a firm's performance. It encompasses a variety of skills, behaviors, tools, procedures, and knowledge that enable marketing professionals to effectively deliver a business strategy (Dzisi & Ofosu 2014). The relationship between marketing capability and performance is multifaceted, often mediated by factors such as resource orchestration capability, which plays a crucial role in how marketing strategies are implemented and how they impact firm performance. Studies suggest that firms that excel in marketing capabilities tend to perform better because they are adept at leveraging their resources to meet market demands and create value for customers.

Marketing capability is about the ability of an organization to take appropriate decisions related to: the market where to place its products; the most convenient distribution channels; the advertising channels to reach their consumer target; the branding strategy. Marketing capability is one of the fundamental elements to reach a good performance, as firms, through differentiation, can satisfy consumer preferences (Gellynck et al., 2012). Firms that implement marketing programs better than their rivals should benefit from greater success. Marketing capability help firms in satisfying current customers, exploiting existing products and distribution channels, and advertising existing brands.

Strategic abilities are incorporated within the routine processes and procedures within the organization which provide directions on the evolution in resource configuration besides operational routines (Tarutè & Gatautis, 2014). Capabilities include a list of events which have power to convert inputs into output that is of key to the survival of the organization. However, the unique characteristic of the resources possessed by an organization together with the capabilities on their own may not be sufficient to provide a competitive position that can be sustained over a long period of time. The competitive position is normally one of the elements that provide a competitive edge to a business over and above the competition that it faces.

Marketing capabilities can influence firm performance through the satisfaction and loyalty they generate, leading to superior market performance. Therefore, the interplay between marketing capabilities and firm performance is dynamic, suggesting that firms must continuously develop their marketing strategies and capabilities to maintain a competitive edge in the market.

Core competence describes an organization specific capability which helps it stand out from the rest in the industry. It is the asset that defines the essence of the firm's business in terms of core capabilities which make it possible for the firm to compete with other firms in the industry effectively. According to Mikalef and Pateli (2017), different types of resources (organizational, physical, human) contribute in various ways to a firm's performance depending on how they are organized or deployed. The concept of capabilities is about the organization's skills to organize these resources (tangible and intangible assets) in order to achieve strategic goals and objectives. These capabilities, according to Wamba et al (2017) are groups of skills and knowledge accumulated over time and that are employed through the firm's processes that enable the organization to coordinate activities and make use of its assets. This study focuses on technological capability, human resource capability, marketing capability and pricing capability and the impact these capabilities have on the performance of pharmaceutical companies in Kenya.

The modern business environment is described as unstable and unpredictable (Dzisi & Ofosu 2014). Most companies find themselves operating in global environment characterized by rapid change, competitive pressure, geopolitical risks, disruptive technology (KPMG, 2015). Moreno

and Epstein (2019) in their study analyzed how the Indian pharmaceutical industry has moved along the research and development value chain and how the industry has made a shift from being an importer to an innovator of pharmaceutical products. The success was attributed to the adoption of policies as well as change of regulation by the Indian government. Results shows that the basic and intermediate technological capabilities gained from imitative learning gave the firms the solid base for development of competence in advanced innovative research and development.

In a digital world, the ability to engage with patients as they make evaluations about products is critical to the success of a pharmaceutical company's commercial model. Several companies in the USA already offer integrated products and services. WellDoc, for example, has launched Blue Star, the first FDA-approved mobile app for managing type 2 diabetes, while AliveCor has built a smartphone-based electrocardiogram (McKinsey, 2019).

According to Munene (2016), the regulatory framework in Kenya has also made it hard for pharmaceutical companies to engage in traditional marketing activities of their products. Developing sustained competitive advantage will therefore be a major problem since the key differentiation of product promotions has been leveled thus the need for pharmaceutical companies to build innovative and marketing capabilities within the regulated environment that can enable them to achieve sustained competitive advantage.

The global pharmaceutical market is highly concentrated both in terms of production and consumption in developed regions such as North America (38%), Europe (29%) and Japan (12%) which accounted for almost 80% of the global market in 2010. Developing regions like Asia, Africa, Australia and Latin America with a share of nearly 85% of world population are accounted for only 21% of global pharmaceutical consumption in 2010. As well breakdown of pharmaceutical market in developing world reveals that Asia, Australia and Africa represent nearly 15% whereas Latin America accounts for 6% of the global pharmaceutical market (Azizi, Kodadad Hossini & Roosta, 2014).

The pharmaceutical companies operating in Kenya have not been spared by the environmental turbulence and increased competition since liberalization of the industry. The pharmaceutical firms have put in place strategies that guarantee them a desirable level of growth and profitability in their therapeutic segments in a changing and competitive environment (Gunday, Ulusoy, Kilic & Alpan, 2017). As competitive pressures increase, marketing skills have never been more highly valued by organizations in both the public and private sectors. What many used to see as a departmental activity within companies is nowadays regarded as frontline business attitude of mind in all employees (Schwepker & Schultz, 2015).

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society. New forms of marketing also use the internet commonly called internet marketing, e-marketing, online marketing, digital marketing, search engine marketing, or desktop advertising. It attempts to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail, wireless media as well as driving audience from traditional marketing methods such as radio, billboard, internet properties or landing page (Schwepker & Schultz, 2015).

Though competitive challenges and impact varies from industry' to industry', it leads to reduced prices, impacts negatively on profits, reduces market share and can force weak companies to close. The pharmaceutical companies therefore need to know the Critical success factors in the industry so as to develop relevant core strengths and develop distinct capabilities that are unique to them, identify areas of weakness and address them so as to endear themselves to their customers (Moreno & Epstein, 2019).

The challenges experienced in Kenyan pharmaceuticals include over-regulation of the industry with regulatory authorities such as PPB, National Quality Control Laboratory (NQCL), Drug Analysis and Research Unit (DARU), dwindling investment in Research and Development and limited technology. The pharmaceutical industry should also take advantage of the e-marketing and the booming opportunity of social media to showcase their products (Rodriguez, Peterson & Ajjan, 2015).

Strategic capabilities are indicated by the degree to which firms can contribute to the development of core competences, competitive advantage, and, ultimately, firm performance. In search of ways to reduce costs, many pharmaceuticals are cutting down on the expenses in research and development and personnel. When this position is sustained, many medical representatives will lose their jobs and higher chances of new drugs not being introduced (IMS Health, 2014).

The performance of an organization determines its survival in any particular economy. The ability to leverage on alternative channels has recently gained importance in measuring pharmaceutical company's performance. The organizational performance usually includes three specific areas, financial, market and shareholder return, according to Wickens, Hollands, Banbury and Parasuman (2015)

The worldwide pharmaceutical industry has recorded a quick growth over the years and emerged as one of the fastest growing industries in the world (Gaur & Kesavan, 2015). However, world pharmaceutical production and consumption is still unevenly dispersed around the world with the developed countries as the leading producers and consumers of pharmaceuticals. IMS Health (2010) stated that world pharmaceutical market was valued at US\$ 875 billion with a growth rate of 4.1% over the previous year at the constant exchange rate. The volume of pharmaceutical industry has surged from USD 647 billion in 2005 to USD 875 billion in 2010, corresponding to an increase of 35.2%.

Njambi and Kihara (2016) investigated factors affecting performance of manufacturing firms in Kenya: a case of pharmaceutical firms in Nairobi County. The study deduced that the manufacturing firm that engages in online services would boost its competitive edge and that adequate infrastructure innovation of a manufacturing firm increased its market share. Therefore, the study recommended that Pharmaceutical manufacturing industry in Kenya should integrate information communication technology.

Pharmaceutical companies are regulated by the Pharmacy and Poisons Board (PPB) which was formed as an act of parliament under the Pharmacy and Poisons Act 244 in the Kenyan laws. Regulation is done in terms of manufacturing, transportation and trading of drugs, with the hope of achieving high standards in quality, safety and efficacy (Pharmacy and Poisons Board, 2016). The sector has grown over the years and according to the report by KNBS (2015), it employs over 3000 staff in production and distribution of pharmaceutical products in and out of the country.

The pharmaceutical companies in Kenya can be broadly be divided into three main categories, manufacturing, distribution and retailing. The sector has experienced steady growth especially with the government's effort to develop, grow and expand the sector, through both local and foreign investment (Economic Survey, 2016). According to the records at the Ministry of health of 2016 within the Country there are 35 manufacturers of pharmaceutical products. The key element to keep these companies in operation is improving its sales performance so as to be able to and make profits in this highly competitive business environment.

Statement of the Problem

The pharmaceutical companies in Kenya has experienced steady growth especially with the government's effort to develop, grow and expand the sector, which has contributed to the growth in GDP by 3.2% (Kale, 2012). However, the pharmaceutical marketing industry is faced with many challenges ranging from globalization which has heightened the level of competition. In particular, the pharmaceutical industry in Kenya is faced with slow process of registration of drugs, rampant parallel importation especially for established brands, and constant product substitution at the pharmacy level. These coupled with the demand for higher profit margins for firms engaged in importation makes the entire supply chain less profitable (Nganga, 2018).

As competitive pressures increase, marketing skills have never been more highly valued by organizations in both the public and private sectors. What many used to see as a departmental activity within companies is nowadays regarded as frontline business attitude of mind in all employees (Schwepker & Schultz, 2015). Several studies on strategic capabilities of pharmaceutical firms have been conducted within and outside of Kenya. Chemutai and Nzulwa (2016) investigated the marketing challenges influencing strategic performance of pharmaceutical companies in Nairobi Kenya. Wamae and Kungu (2014) investigated the influence of email, website and computerized communication and social media in marketing of pharmaceutical products in Nairobi Kenya. The above studies have focused on the different marketing challenges faced by pharmaceutical firms in Kenya and abroad, few studies have focused on the marketing capabilities and their effect on the performance of pharmaceutical firms in Kenya, a study gap the present study aims to fill.

Objectives of the Study

To assess the influence of marketing capability on the performance of pharmaceutical companies in Kenya

To assess the moderating effect of firm characteristics on the marketing capability and performance of pharmaceutical companies in Kenya.

Research Hypotheses

H₀₁: Marketing capability has no significant influence on the performance of Pharmaceutical companies in Kenya

H₀₂: Firm characteristic has no significant moderating influence on the Marketing capability and performance of pharmaceutical companies in Kenya.

LITERATURE REVIEW

Theoretical Review

Knowledge Based Theory

The research emphasized on the knowledge-based theory of a company where knowledge is seen as the most strategically significant resource of the company. Because knowledge-based resources are generally hard to imitate and socially complicated, its advocates claim that heterogeneous knowledge bases and capacities among companies are the main determinants of continuous competitive advantage and superior corporate performance (Sveiby, 2009). This knowledge is integrated and transmitted through various institutions including culture and identity of the organization, policies, routines, records, systems, and staff. Originating from the strategic management literature, this perspective builds upon and extends the Resource-Based View of the firm (RBV) initially promoted by Grant (2010) and later expanded by others (Eisenhardt & Santos, 2010).

In the knowledge-based theory, the primary goal of the firm is the application of existing knowledge to the production of goods and services (Grant, 2013). Knowledge and skills give a firm competitive advantage, because it is through this set of knowledge and skills that a firm is able to innovate new products and processes, or improve existing ones more efficiently and or effectively (Nonaka & Takeuchi, 2012). This theory will therefore help in understanding how pharmaceutical firms in Kenya tap into one of the most important resources of the firm (knowledge), which is the firms' innovative capability and how it impacts on performance. Marketing capability is a firm's ability to understand the competition and develop marketing strategies by tapping into the firm's knowledge, hence the relevance of the knowledge-based theory in understanding the influence of marketing capability on the performance of pharmaceutical firms in Kenya.

Empirical Review

Njuki, Mwangi, Wanjiru and Mwirigi (2014) analyzed marketing communication tools and sales performance in business organizations in Kenya and found that both researches based pharmaceutical companies and generic manufacturers concur that dispensing samples in the health care industry was different from doing so in non-pharmaceutical markets. For example, drug samples are often accompanied by detailing and accepting them might imply some commitment to prescribe the product in the future. Samples, the study noted, may be the only visible reminder of the product after the medical sales representative has left the doctor's office. They can have a more lasting influence on the doctor because they add tangibility to the sales presentation.

Bruni & Verona (2009) studied dynamic marketing capabilities in science-based firms where they conducted an exploratory investigation of the pharmaceutical industry. The study found that market knowledge seems to serve as a complementary source of information which impacts decision-making in the innovation process in most of the firms studied. Although R&D gets the lion's share during the innovation process, the generation of high-quality knowledge regarding customers and competitors provides a shared view of future market trends and the possible market impact of the new drug and heightens the success rate of the molecule. At the strategic level, the firms carefully balance their product portfolio. In evaluating new projects, considerations on market potential, medical needs, competition and centrality of some emerging markets, are just as important as the technical expertise and experience. Apart from

R&D, the department that is involved in new product development more than any other is definitely the marketing department. The marketing department is involved in each phase of new drug development because it is involved in studying what physicians and patients want. Further, complex advertising skills may lead to a more concentrated knowledge of management practices and heterogeneity of results in technology-based settings and conclude the study by recognizing its weaknesses and implementing successful strategies.

Njuki, Mwangi, Wanjiru and Mwirigi (2014) analyzed marketing communication tools and sales performance in business organizations in Kenya and found that both research-based pharmaceutical companies and generic manufacturers concur that dispensing samples in the health care industry was different from doing so in non-pharmaceutical markets. For example, drug samples are often accompanied by detailing and accepting them might imply some commitment to prescribe the product in the future. Samples, the study noted, may be the only visible reminder of the product after the medical sales representative has left the doctor's office. They can have a more lasting influence on the doctor because they add tangibility to the sales presentation.

Ngamau (2016) assessed challenges facing marketing of pharmaceutical products in Kenya. The study compares the United States structure to the local one. It reveals that the United States is by far the biggest market for Pharmaceuticals. Many companies recognize the need to start putting more resources and infrastructure in other regions and countries that have the potential to become significant sources of growth in the very near future. China and India are the countries that readily come to mind, but countries like Brazil, Russia and even Poland are being looked at as markets that still have significant areas where the needs of patients with certain diseases are not being met.

Ngamau (2016) conducted a research aiming to identify the problems faced by suppliers in the marketing of pharmaceutical products in Kenya. The findings show that the challenges faced by pharmaceutical companies are lack of sufficient product knowledge from distributors and their clients, competitiveness from other sellers offering similar products at lower prices, business timelines and commission-based wages therefore a huge pressure to deliver, regulatory hindrances from the intensive marketing of pharmaceuticals and the collection of funding from the pharmaceutical company to undertake medical education events. Moreover, given the steady demand for its pharmaceutical products, the underlying trends facing the industry and reorganizing the pharmaceutical market, where demand for drugs is likely to increase most quickly in the years to come, are varied; policymakers are starting to focus on preventive measures rather than treatment; regulators are becoming threat-averse. In order to maintain market growth and success, the pharmaceutical industry needs to adjust its marketing and distribution processes.

Lule (2011) conducted a research on the effectiveness of the marketing strategies on the sales performances of pharmaceutical companies operating in Nairobi. Descriptive research design was used in the study on a sample of 38 pharmaceutical companies. The findings were there are diverse marketing strategies with preference to the individual firms, since some prefer segmentation marketing and others prefer mass marketing. The target market of the firms varies according to the size and demand of the products they deal with. Among the common strategies used in market to increase sales were the 4Ps of marketing product, place, promotion and pricing. The strategies that were not commonly, therefore their effects were not measurable,

used were skimming, penetration pricing, single channels, reverse distributions, advertising, joint marketing ventures, mergers and reactor competitive strategies.

Mbugua (2014) assessed the personal selling strategies and performance of pharmaceutical firms in Nairobi, Kenya. Results suggested that salespeople memorized and delivered sales pitches verbatim when they utilized a script-based selling strategy. Script-based selling is also called canned selling. The term canned comes from the fact that the sales pitch is standardized, or straight out of a can. According to the Alvesson and Sveningsson (2015), the script comprises a logical set of questions and when the salesperson meets an obstacle, they remember what is in the script and methods of overcoming it. The script covers a range of techniques from opening the sales interview to closing techniques. The salesperson will ask the customer a few questions to uncover his or her need, and then provides the details that meet it as spelled out in the script. This approach is used by many telemarketers who are trying to sell an inexpensive product and untrained people are used for this type of selling. The salesperson virtually does all the talking and have no interest in understanding (or satisfying) your needs.

Oyoolo and Bett, (2017) conducted a study to determine the impact of dynamic techniques on the performance of pharmaceutical industry organizations in Kenya, a case of Pharma-Specialties Limited. The study argued that there is need to have a R&D department address product costs, customer expectations & concerns and marketing techniques favorable to bring higher benefits. Companies should adopt strategies to guarantee that drugs are produced and at low costs in order to be able to offer products at the cheapest rate and gain competitive advantage over their competitors. The study concluded that throughout the marketing plan, incorporate information technology where consumers can see what goods they have and even order them online.

Conceptual framework

The conceptual framework is graphical representation that shows the interaction between the independent and the dependent variables. This is shown in Figure 1



Figure 1: Conceptual Framework

METHODOLOGY

This study adopted a positivist paradigm in trying to determine the factors that determine the sales performance of medical representatives in pharmaceutical companies. Further, descriptive cross sectional research design was employed, as it determines and reports elements in their natural setting and the way they are (Yin, 2013). Descriptive cross sectional research design is used when data is collected to describe persons, organizations settings or phenomena in a particular time. This design is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals

The study unit of analysis the pharmaceutical companies that are operating in Kenya. The target population for this study comprised of the 415 pharmaceutical companies that are operating in Kenya, which were divided into manufacturers and distributors. The researcher interviewed

the CEOs and general managers of the respective companies as they had the rightful information of the companies needed in this study.

The study adopted stratified random sampling as the population was big. According to Kothari (2003), stratified random sampling technique produces reliable and detailed information on the study objects. The stratified random method was used to calculate the sample of pharmaceuticals to be grouped into either manufacturing or distributing companies from the target population of 415 companies. A sample of 103 firms was considered.

The study used the two basic data collection methods which is primary and secondary data. The questionnaire was structured so as to provide standard answers and make data analysis easier. This is the procedure and methods that the study adopted while collecting data in response to the research questions (Yin, 2013). The researcher got permit from NACOSTI to collect data. The questionnaires were self-administered to the respondents across the 103 pharmaceutical companies in Kenya. The researcher used the help of four research assistants, who were trained before the data collection process commenced.

The collected primary data from the field was compiled, sorted, edited and coded and entered in the Statistical Package for Social Sciences (SPSS) Version 24.0) computer program for further analysis. The study computed descriptive statistics: Mean, frequencies, percentages and frequency distribution to help in data analysis. Regression analysis was used to test the relationship between the study variables.

FINDINGS AND DISCUSSIONS

The study sample for the study incorporated 103 respondents who comprised of manufacturing and distributor pharmaceuticals. A total of 103 questionnaires were issued to the respondents and a total of 93 questionnaires were recollected for analysis. This makes a response rate of 90% which was considered adequate for analysis.

Descriptive Statistics

The research study aimed at assessing the resultant impact of marketing capability on firm performance. The elements addressed in the study were; quality effect, modern techniques of marketing, enough budget and marketing team, orders from customers, popularizing and capitalizing brands of products, creating awareness, recording in database, uniqueness in branding and quality, sharing product benefits and extension of product sales. The rates of the measures were assessed on the practice of the measures.

Table 1: Marketing Capability

	No extent	Little extent	Moderate extent	Great extent	Very great extent	Mean	Std Deviation
The quality effect is higher than the price effect of our goods	0.0%	9.7%	10.8%	39.8%	39.8%	4.1	0.93
The firm has employed modern techniques of marketing	9.7%	5.4%	14.0%	38.7%	32.3%	3.8	1.23
The organization has set apart enough budget and a marketing team to specialize in marketing the firms' product	7.5%	9.7%	12.9%	45.2%	24.7%	3.7	1.17
The orders from the customers are fulfilled adequately	5.4%	4.3%	16.1%	43.0%	31.2%	3.9	1.06
The firm has popularized and capitalized the brands of the products assets	4.3%	5.4%	11.8%	47.3%	31.2%	4	1.02
The marketing personnel are in a position to do sales integration, that is, creating awareness to the potential customers and converting them to real customers	6.5%	10.8%	8.6%	39.8%	34.4%	3.8	1.2
The firm customers are recorded in a database for regular updates of new products and benefits accrued to the products	4.3%	4.3%	9.7%	36.6%	45.2%	4.1	1.05
The firm products are unique in branding and quality and therefore the firm has a competitive advantage	7.5%	8.6%	8.6%	36.6%	38.7%	3.9	1.23
The sales team shares the product benefits with the market to increase sales	6.5%	3.2%	11.8%	23.7%	54.8%	4.2	1.17
The firm has extended the product sales nationally and internationally	6.5%	6.5%	11.8%	36.5%	38.7%	3.9	1.16

From the findings in Table 1, 79% of the respondents stated that their firm's quality effect is higher than the price effect of their goods to a great extent, 11% of the respondents stated to a moderate extent, and 10% of the respondents stated to a low extent. The mean of the responses was 4.1 and the standard deviation was 0.93. 71% of the respondents stated that their firm had employed modern technique of marketing to a great extent, 14% of the respondents indicated to a moderate extent while 15% of the respondents stated to a low extent. The mean of the responses was 3.8 and the standard deviation was 1.23. Results showed that 70% of the respondents stated that their organization had set apart enough budget and a marketing team to specialize in marketing the firm's product to a high extent, 13% of the respondents stated that this statement moderately applied to their firm, and 17% of the respondents stated to a low extent. The mean of the responses was 3.7 and the standard deviation was 1.17. The results

showed that 74% of the respondents stated that orders from customers are fulfilled adequately to a great extent in their firm, 16% of the respondents stated that this statement applied moderately to their firm while 10% stated to a low extent to their firm. The mean of the responses was 3.5 and the standard deviation was 1.06. Findings from Table 1 show that 78% of the respondents indicated that their firm had popularized and capitalized the brands of the products assets to a higher extent, 12% of the respondents stated to a moderate extent, while 10% of the respondents stated that their firm had applied this statement to a low extent. The mean of the responses was 4 and the standard deviation was 1.02. It was shown that 74% of the respondents stated that the marketing personnel are in a position to do sales integration by creating awareness to the potential customers and converting them to real customers to a high extent in their firm, 8% of the respondents stated to a moderate extent while 18% of the respondents stated that this statement applied to a low extent in their firm.

The mean of the responses was 3.8 and the standard deviation was 1.2. The findings illustrated that 82% of the respondents stated that the firm customers are recorded in a data base for regular updates of new products and benefits accrued to the products to a great extent in their pharmaceutical, 10% of the respondents stated to a moderate extent, while 8% of the respondents stated to a low extent. The mean of the responses was 4.1 and the standard deviation was 1.05. It was shown that, 75% of the respondents stated that their firm's products are unique in branding and quality to a great extent and therefore the firm has a competitive advantage, 9% of the respondents stated that the statement applied moderately to their firm while 16% of the respondents stated that the statement only applied to a low extent to their firm. The mean of the responses was 3.9 and the standard deviation was 1.23. 78% of the respondents stated that the sales-team shares the product benefits with the market to a high extent to increase sales in their pharmaceutical, 12% of the respondents stated that to a moderate extent while 10% of the respondents stated to a low extent in their firm.

The mean of the responses was 4.2 and the standard deviation was 1.17. The results showed that, 75% of the respondents indicated that their firm has extended the product sales nationally and internationally at a great extent, 12% of the respondents stated to a moderate extent while 13% of the respondents stated to a low extent. The mean of the response was 3.9 while the standard deviation was 1.16. On a similar note, Waldman & Jensen, (2016) noted that success of brands is dictated by good quality of the product hence effectively increasing firm performance. Hoberg & Phillips, (2016) noted that for a firm to market their products and position their products with competing products in the market so as to make their products more superior, they should employ updated and modern techniques to thrive in the competitive market. Vorhies, Morgan & Autry, (2009) noted that an organization with strong marketing ability not only communicates and promotes a new product in the sales, but can also influence creation of a profitable new product.

Correlation Analysis

A correlation is used to estimate the strength of the linear relationship between two variables representing how closely two variables co-vary ranging from -1 termed as perfect negative correlation through 0 or no correlation to +1 termed as perfect positive correlation. If the coefficient is a positive, then the variables are directly related. On the other hand, if the coefficient is a negative then the variables are inversely related

Table 2: Correlation analysis

		Performance
Marketing Capability	Pearson Correlation	.608**
	Sig. (2-tailed)	0.000

From Table 2, the results revealed that there was a positive and significant association between marketing capability and firm performance ($r = 0.608$, $p = 0.000$). This implies that marketing capability factors have contributed to the resultant firm performance. This correlation coefficient value was between 0.6 and 0.7 indicating a strong positive correlation as a factor of firm performance. A 2-tailed test at 95% level of confidence had a probability value of less than 0.05 which implied that there was a significant correlation between marketing capability and firm performance in pharmaceutical companies. On a similar note, Njuki, Mwangi, Wanjiru and Mwirigi (2014) analyzed marketing communication tools and sales performance in business organizations in Kenya. The research study concluded that marketing communication tools had a significant relationship with sales performance.

Regression Analysis

Regression analysis was carried out to determine the relationship between independent and dependent variables. The extent of the relationship between independent and dependent variable was quantified. The T-test statistic and the R^2 Test statistic were computed to determine the strength of the relationship between the various independent variables

Regression analysis was done to determine the influence of Marketing capability on firm performance. Results were presented in Table 3.

Table 3: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608 ^a	.370	.363	.483

a. Predictors: (Constant), Marketing Capability

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.425	1	12.425	53.363	.000 ^b
	Residual	21.188	91	.233		
	Total	33.613	92			

a. Dependent Variable: Performance

b. Predictors: (Constant), Marketing Capability

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.081	.412		2.626	.010
	Marketing Capability	.758	.104	.608	7.305	.000

a. Dependent Variable: Performance

The results in Table 3 presented the fitness of model of regression model used in explaining the study phenomena. Marketing capability factor was found to be satisfactory in contribution as a factor to firm performance. This was supported by coefficient of determination i.e. the R^2 of 37.0%. This shows that 37.0% of the variation in marketing capability affects firm performance. The results meant that the model applied to link the relationship. This also implies that 63.0% of the variation in the dependent variable is attributed to other variables not captured in the model.

From Table 3, the results on analysis of variance (ANOVA) were illustrated. The findings revealed that the model was statistically significant. This was supported by an F-statistic of 53.363 and a p-value of 0.000 which is less than 0.05 ($p < 0.05$) significance level. The findings implied that marketing capability is a good predictor of firm performance. Lule (2011) conducted a research on the effectiveness of the marketing strategies on the sales performances of pharmaceutical companies operating in Nairobi. The research concluded that marketing strategies were essential in ensuring improved sales performance of pharmaceutical companies.

Regression of coefficients results in Table 3 revealed that marketing capability and firm performance are positively and significantly related ($\beta = 0.758$, $p = 0.000$). This implies that a unit increase in marketing capability would lead to increase in firm performance by 0.758.

The regression model for this coefficient would be;

$$Y = \beta_0 + \beta_1 X \dots\dots\dots \text{Equation 3}$$

Where Y = firm performance

$$\beta_0 = 1.081$$

$$\beta_1 = 0.758$$

X = marketing capability

$$Y = 1.081 + 0.758X \dots\dots\dots \text{Equation 4}$$

CONCLUSIONS AND RECCOMENDATIONS

Conclusion

The objective of the study was to determine the influence of marketing capability on firm performance in pharmaceutical companies in Kenya. The correlation analysis revealed that there was a positive and significant association between marketing capability and firm performance ($r = 0.608$, $p = 0.000$). This implies that marketing capability factors have contributed to the resultant firm performance. This correlation coefficient value was between 0.6 and 0.7 indicating a strong positive correlation as a factor of firm competitiveness. A 2-tailed test at 95% level of confidence had a probability value of less than 0.05 which implied that there was a significant correlation between marketing capability and firm performance in pharmaceutical companies. Regression of coefficients results revealed that marketing capability and firm performance are positively and significantly related ($\beta = 0.758$, $p = 0.000$). This implies that a unit increase in marketing capability would lead to increase in firm performance by 0.758.

Marketing capability significantly and positively influences performance of pharmaceutical companies in Kenya. Marketing capability is the key factor in the firm which is responsible for enhancing popularization of brands of products and creating awareness to the market on the launching of new products. Through marketing strategies, a firm is able to arouse interest of a

customer to their products. It is concluded that the pharmaceuticals in Kenya have employed various marketing strategies that necessitate extension of pharmaceutical market hence improving performance.

Recommendations

The study recommended the pharmaceutical company's management should embrace modern techniques of marketing to ensure they promote the sale of their products. The firms should prioritize customers' feedback to adequately fulfil their orders. Pharmaceutical companies should also embrace uniqueness in branding and quality to form a unique selling point for the company to arouse interest of the customer in the market.

REFERENCES

- Alvesson, M., & Sveningsson, S. (2015). *Changing organizational culture: Cultural change work in progress*: Routledge
- Amue, G.N., Asiegbu, I.F. & Chukwu, I.I. (2012). Improving sales performances through sales force motivation strategies: a study of pharmaceutical firms in Nigeria. *Economic Business Management Economic Research Journal*, Vol 3(5), pp 620-626.
- Azizi, S., Kodadad Hossini, H., & Roosta, A. (2014). Multi-Level Analysis of Salesperson Performance Determinants. *The International Journal of Humanities*, 19(4), 183-210.
- Bruni, D. S., & Verona, G. (2009). Dynamic marketing capabilities in Science-based firms: An exploratory investigation of the pharmaceutical industry. *British Journal of management*, 20, S101-S117. Lule
- Bruni, D. S., & Verona, G. (2009). Dynamic marketing capabilities in Science-based firms: An exploratory investigation of the pharmaceutical industry. *British Journal of management*, 20, S101-S117.
- Cilingir, Z., & Basfirinci, C. (2014). The impact of consumer ethnocentrism, product involvement, and product knowledge on country of origin effects: An empirical analysis on Turkish consumers' product evaluation. *Journal of International Consumer Marketing*, 26(4), 284-310.
- Dzisi, S., & Ofori, D. (2014). Marketing strategies and the performance of SMEs in Ghana. *Marketing*, 6(5)
- Eisenhardt, K. M., & Santos, F. M. (2010). Knowledge-based view: A new theory of strategy. *Handbook of strategy and management*, 1(139-164)
- Gaur, V., & Kesavan, S. (2015). The effects of firm size and sales growth rate on inventory turnover performance in the US retail sector. In *Retail Supply Chain Management* (pp. 25-52). Springer, Boston, MA.
- Grant R.M (2013) Contemporary strategy analysis 8th edition United Kingdom
- Grant, R. M. (2010). Porter's 'competitive advantage of nations': an assessment. *Strategic management journal*, 12(7), 535-548.
- Gunday, G., Ulusoy, G., Kilic, K., & Alpkan, L. (2011). Effects of innovation types on firm performance. *International Journal of production economics*, 133(2), 662-676.
- Hoberg, G., & Phillips, G. (2016). Text-based network industries and endogenous product differentiation. *Journal of Political Economy*, 124(5), 1423-1465.
- Kale, D. (2012). Innovative capability development in the Indian pharmaceutical industry. *International Journal of Innovation and Technology Management*, 9(02), 1250013.
- Kale, D., & Little, S. (2007). From imitation to innovation: The evolution of R&D capabilities and learning processes in the Indian pharmaceutical industry. *Technology Analysis & Strategic Management*, 19(5), 589-609.
- Lule, E. N. (2011). The effectiveness of marketing strategies on sales performance of pharmaceutical companies in Nairobi, Kenya. *Unpublished PhD Dissertation. University of Nairobi. Kenya.*

- Mbugua, D.M. (2014). *Personal selling strategies and performance of pharmaceutical firms in Nairobi, Kenya*. University of Nairobi.
- Munene, W. (2016). *An exploration of strategies adopted by pharmaceutical companies in Kenya to achieve sustainable competitive advantage* (Doctoral dissertation, Strathmore University).
- Ngamau, E. (2016). *Challenges Facing Marketing of Pharmaceutical Products in Kenya* (Doctoral dissertation, United States International University-Africa).
- Njambi J. and Kihara K. (2016). Factors affecting performance of manufacturing firms in Kenya: a case of pharmaceutical firms In Nairobi County. *Journal of small business and enterprise development*, 21(1), 100-116.
- Njuki, E., Mwangi, O., Wanjiru, S., Mwirigi, K., & Campus, K. (2014). Analysis of marketing communication tools and sales performance in business organizations in Kenya. A case of public service bus companies in Mombasa. *Analysis*, 6(26).
- Oyoolo, J. D., & Bett, S. (2017). Competitive strategies and performance of organizations in the pharmaceutical industry: Case of Pharma Specialities Limited Nairobi, Kenya. *International Academic Journal of Human Resource and Business Administration*, 2(4), 156-173.
- Rodriguez, M., Peterson, R. M., & Ajjan, H. (2015). CRM/social media technology: impact on customer orientation process and organizational sales performance. In *Ideas in Marketing: Finding the New and Polishing the Old* (636-638).
- Schwepker, C. H., & Schultz, R. J. (2015). Influence of the ethical servant leader and ethical climate on customer value enhancing sales performance. *Journal of Personal Selling & Sales Management*, 35(2), 93-107.
- Vorhies, D. W., Morgan, R. E., & Autry, C. W. (2009). Product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance. *Strategic Management Journal*, 30(12), 1310-1334.
- Waldman, D., & Jensen, E. (2016). *Industrial organization: theory and practice*. Routledge
- Wamae, W., & Kungu, J. K. (2014). *Pharmaceutical Manufacturing in Kenya: Key trends and Developments*.
- Wamba, S. F., Gunasekaran, A., Akter, S., Ren, S. J. F., Dubey, R., & Childe, S. J. (2017). Big data analytics and firm performance: Effects of dynamic capabilities. *Journal of Business Research*, 70, 356-365.
- Wang, Y., & Hazen, B. T. (2016). Consumer product knowledge and intention to purchase remanufactured products. *International Journal of Production Economics*, 181, 460-469.
- Wickens, C. D., Hollands, J. G., Banbury, S., & Parasuraman, R. (2015). *Engineering psychology & human performance*. Psychology Press.
- Yan, R. (2010). Cooperative advertising, pricing strategy and firm performance in the e-marketing age. *Journal of the Academy of Marketing Science*, 38(4), 510-519.
- Yin, R. K. (2013). Validity and generalization in future case study evaluations. *Evaluation*, 19(3), 321-332.