

## Causal Relationship The Factors Affecting the Implementation of the Global Strategy for Guangdong Pharmaceutical Industry

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### Abstract

**Background and Aims:** The pharmaceutical industry in Guangdong Province faces significant challenges in implementing effective global strategies amid increasing international competition and evolving market dynamics. This study investigates the causal relationships between key factors affecting global strategy implementation in Guangdong's pharmaceutical sector.

**Methodology:** A mixed-methods approach was employed, combining quantitative analysis through structured questionnaires distributed to 320 representatives from pharmaceutical companies across 21 cities in Guangdong Province, and qualitative insights from in-depth interviews with 15 industry experts. Structural Equation Modeling (SEM) was utilized to examine relationships among variables.

**Results:** The study confirms significant positive relationships between product development and international market development ( $\beta=0.503$ ,  $p<0.001$ ), product development and brand building ( $\beta=0.371$ ,  $p<0.001$ ), and their collective impact on global strategy implementation. The model demonstrated good fit indices ( $\chi^2/df=2.600$ ,  $RMSEA=0.071$ ,  $GFI=0.915$ ).

**Conclusion:** Product development serves as a fundamental driver for global strategy implementation, both directly and indirectly through international market development and brand building. The findings provide valuable insights for pharmaceutical companies in Guangdong Province to enhance their international competitiveness.

**Keywords:** Pharmaceutical Industry; Global Strategy; Product Development; International Market Development; Brand Building

### Introduction

The pharmaceutical industry in China has undergone substantial transformation in recent decades, evolving from a domestically focused sector to an increasingly international player



(Zhang & Li, 2022). Guangdong Province, as China's economic powerhouse and a key pharmaceutical manufacturing hub, has emerged as a critical region for examining global strategy implementation in the pharmaceutical sector (Wang, 2021). With over 669 pharmaceutical manufacturing companies distributed across 21 cities, Guangdong represents approximately 15% of China's total pharmaceutical production capacity (Guangdong Provincial Drug Administration, 2024).

The global pharmaceutical market, valued at approximately \$1.47 trillion in 2023, is predominantly controlled by multinational corporations from North America and Europe (Frost & Sullivan, 2024). Leading companies such as Pfizer, GSK, and Bayer maintain competitive advantages through superior R&D capabilities, advanced manufacturing processes, and established global distribution networks. In contrast, Chinese pharmaceutical companies, particularly those in Guangdong Province, face significant challenges in scaling their operations internationally while maintaining competitive positioning (Zhou, 2019).

Recent policy developments have created both opportunities and challenges for Guangdong's pharmaceutical sector. The implementation of the "Healthy China 2030" strategic framework, coupled with regulatory reforms aligning with International Conference on Harmonization (ICH) standards, has facilitated industry modernization (National Medical Products Administration, 2023). However, structural contradictions persist, including profit compression from price controls, intensified competition from multinational corporations, and escalating compliance costs.

## Objectives

1. To study factors affecting the implementation of a global strategy for the Guangdong pharmaceutical industry
2. To analyze the causal relationships between factors affecting global strategy implementation
3. To develop a comprehensive model for global strategy implementation in Guangdong's pharmaceutical sector

## Literature Review

### Theoretical Framework

The theoretical foundation of this study draws from multiple established frameworks. Porter's Five Forces Model (1980) provides a systematic approach for analyzing competitive pressures within the pharmaceutical industry, while the Resource-Based View (RBV) theory (Barney, 1991) explains how firm-specific capabilities contribute to sustainable competitive





advantage. The Uppsala Model of internationalization (Johanson & Vahlne, 1977) offers insights into the gradual process of international market entry, particularly relevant for Guangdong pharmaceutical companies' global expansion strategies.

### **Product Development in the Pharmaceutical Industry**

Product development represents the cornerstone of pharmaceutical competitiveness, encompassing the entire process from drug discovery to commercialization (Kahn, 2013). In the context of Guangdong's pharmaceutical industry, product development faces unique challenges related to R&D investment intensity, manufacturing capacity optimization, consumer preference analysis, and product differentiation strategies.

Manufacturing capacity in pharmaceutical production requires adherence to stringent quality standards, including Good Manufacturing Practice (GMP) certification and various international regulatory requirements (FDA, EMA) (Koren et al., 2003). Guangdong's pharmaceutical manufacturers have increasingly invested in the intelligent and digital transformation of production processes to meet international standards while maintaining cost competitiveness.

### **International Market Development**

International market development for pharmaceutical companies involves complex considerations, including global partnerships, pricing strategies, government policies, and competitive analysis (Asika, 2006). The Uppsala Model suggests that firms progress through successive stages during international expansion, typically beginning with low-commitment entry modes before advancing to more substantial foreign investments (Johanson & Wiedersheim-Paul, 1975).

Global partnerships have emerged as crucial mechanisms for pharmaceutical internationalization, enabling resource sharing, technology transfer, and market access (Abdel-Malek, 2015). For Guangdong pharmaceutical companies, strategic alliances with international partners provide pathways to overcome regulatory barriers and access established distribution networks.

### **Brand Building**

Brand building in the pharmaceutical industry extends beyond traditional marketing to encompass quality assurance, regulatory compliance, and trust establishment (Keller, 1993). The Customer-Based Brand Equity (CBBE) model provides a framework for understanding how pharmaceutical brands create value through awareness, association, perceived quality, and loyalty (Keller, 2003).

Global brand image communication requires careful consideration of cultural differences and regulatory environments across international markets (Douglas et al., 2001). Consistent quality



standards serve as fundamental requirements for pharmaceutical brand credibility, while brand culture values must align with local market expectations and global corporate identity.

### Global Strategy Planning and Implementation

Global strategy planning for pharmaceutical companies involves complex coordination of market expansion, cross-cultural management, strategic partnerships, and financial management (Ghoshal, 1987).

Market expansion and segmentation strategies must account for varying regulatory environments, healthcare systems, and economic conditions across target markets (Papadopoulos & Martin, 2011). Cross-cultural management becomes particularly critical for pharmaceutical companies operating in diverse international environments, requiring adaptation of communication styles, management practices, and organizational cultures.

### Conceptual Framework

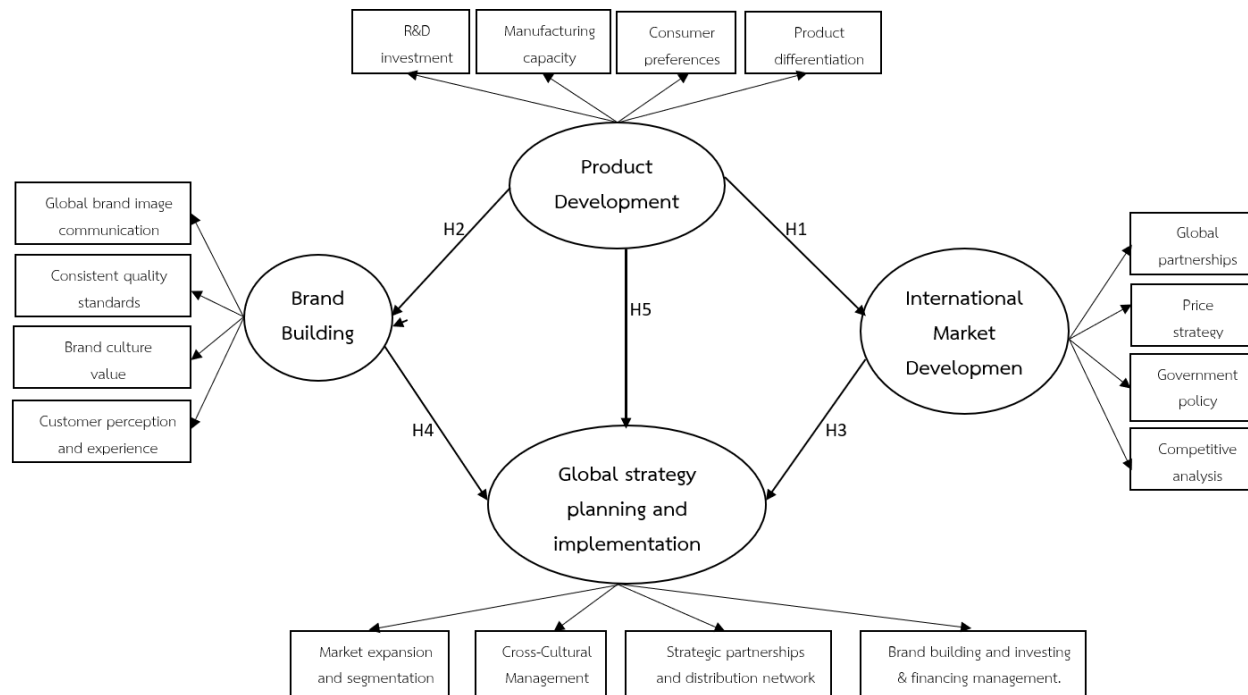


Figure 1 Conceptual Framework

### Research Hypotheses

#### Direct Effect Hypotheses

H1 Product development has a significant positive effect on international market development.

H2 Product development has a significant positive effect on brand building.

H3 International market development has a significant positive effect on global strategy implementation.

H4 Brand building has a significant positive effect on global strategy implementation.

H5 Product development has a significant positive effect on global strategy implementation.

### Mediation Effect Hypotheses

H6 Product development has a significant indirect effect on global strategy implementation through international market development.

H7 Product development has a significant indirect effect on global strategy implementation through brand building.

## Methodology

### Research Design

This study employed a mixed-methods approach, integrating quantitative and qualitative research methodologies to ensure comprehensive analysis and robust findings (Creswell, 2007). The research design incorporated both exploratory and confirmatory elements, enabling both hypothesis testing and theory development.

### Quantitative Research

#### Population and Sample

The target population consisted of 669 pharmaceutical manufacturing companies located across 21 cities in Guangdong Province. Using purposive sampling guided by established recommendations (Hair, 1998), a sample size of 320 respondents was determined based on the study's 16 research variables ( $16 \times 20 = 320$ ). The sample distribution was proportionally allocated across cities based on the concentration of pharmaceutical companies.

#### Data Collection Instrument

A structured questionnaire was developed based on an extensive literature review and expert consultation. The instrument comprised five sections:

1. Demographic Information: Participant characteristics, including gender, age, education, position, and industry experience.
2. Product Development: 12 items measuring R&D investment, manufacturing capacity, consumer preferences, and product differentiation.
3. International Market Development: 12 items assessing global partnerships, pricing strategy, government policy, and competitive analysis.
4. Brand Building: 12 items evaluating global brand image communication, quality standards, brand culture value, and customer perception.

5. Global Strategy Implementation: 12 items examining market expansion, cross-cultural management, strategic partnerships, and financial management.

All items utilized a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

### Reliability and Validity Testing

Cronbach's alpha coefficients were calculated to assess internal consistency, with all constructs achieving values above 0.7 (ranging from 0.857 to 0.868), indicating acceptable reliability. Content validity was established through expert review using the Index of Item-Objective Congruence (IOC), with all items achieving IOC values above 0.6. Construct validity was confirmed through confirmatory factor analysis, with standardized factor loadings exceeding 0.5 and Average Variance Extracted (AVE) values above 0.55.

### Qualitative Research

#### Sample Selection

Fifteen industry experts were selected through purposive sampling, including five enterprise owners, five managers, and five specialists from leading pharmaceutical companies in Guangdong Province (Dashenlin Pharmaceutical Group, Mindray Medical International, BGI Genomics, Livzon Pharmaceutical Group, and Winner Medical). All participants possessed over 10 years of industry experience and direct involvement in global strategy planning.

#### Data Collection Process

Semi-structured interviews were conducted using a standardized protocol covering four key areas: (1) Challenges in global product development, (2) International market expansion strategies, (3) Role of branding in globalization, (4) Current global strategy implementation and recommendations.

#### Data Analysis

Quantitative data analysis was performed using SPSS 26.0 and AMOS 24.0, employing descriptive statistics, correlation analysis, and Structural Equation Modeling (SEM). Model fit was assessed using multiple indices, including  $\chi^2/df$ , RMSEA, GFI, NFI, and CFI. Qualitative data were analyzed through thematic content analysis, with responses categorized according to the conceptual framework.

## Results

### Research Objective 1: Factors Affecting Global Strategy Implementation

The study identified four main constructs affecting global strategy implementation:

**Table 1** Descriptive Statistics of Key Factors

Construct	Mean	Std. Deviation	Cronbach's $\alpha$	Status
Product Development	4.50	0.742	0.866	Strongly Agree
- R&D Investment	4.36	0.742	0.861	Agree
- Manufacturing Capacity	4.62	0.832	0.864	Strongly Agree
- Consumer Preferences	4.45	0.634	0.858	Agree
- Product Differentiation	4.55	0.532	0.863	Strongly Agree
International Market Development	4.50	0.727	0.864	Strongly Agree
- Global Partnerships	4.53	0.732	0.862	Strongly Agree
- Price Strategy	4.32	0.621	0.861	Agree
- Government Policy	4.63	0.826	0.862	Strongly Agree
- Competitive Analysis	4.51	0.729	0.862	Strongly Agree
Brand Building	4.50	0.747	0.863	Strongly Agree
- Global Brand Image Communication	4.50	0.739	0.857	Strongly Agree
- Consistent Quality Standards	4.47	0.776	0.858	Agree
- Brand Culture Value	4.57	0.691	0.861	Strongly Agree
- Customer Perception & Experience	4.46	0.783	0.862	Agree
Global Strategy Implementation	4.47	0.665	0.862	Agree
- Market Expansion & Segmentation	4.52	0.842	0.860	Strongly Agree
- Cross-Cultural Management	4.33	0.714	0.858	Agree
- Strategic Partnerships & Distribution	4.61	0.629	0.859	Strongly Agree
- Brand Building & Financing	4.42	0.473	0.861	Agree
Management				

Table 1 found that Overall Performance: All four constructs achieved high mean scores (4.47-4.50) with excellent reliability (Cronbach's  $\alpha$  = 0.857-0.866), indicating strong agreement on the importance of these factors for global strategy implementation.

**Key Findings by Construct:**

1. Product Development (Mean = 4.50):

Strongest: Manufacturing Capacity (4.62) and Product Differentiation (4.55)

Weakest: R&D Investment (4.36)

Companies prioritize operational excellence over research investment.

2. International Market Development (Mean = 4.50):

Strongest: Government Policy (4.63) - highest across all dimensions

Weakest: Price Strategy (4.32)

Reflects strong government support but weak pricing sophistication.

3. Brand Building (Mean = 4.50):

Strongest: Brand Culture Value (4.57)

Weakest: Customer Perception & Experience (4.46)

Emphasizes cultural adaptation.

4. Global Strategy Implementation (Mean = 4.47):

Strongest: Strategic Partnerships & Distribution (4.61)

Weakest: Cross-Cultural Management (4.33) - lowest overall

Highlights operational strength but cultural management challenges.

**Critical Insights:**

Strengths: Manufacturing capabilities, government policy support, strategic partnerships

Weaknesses: Cross-cultural management, international pricing strategies, R&D investment

Implementation Gap: Strong operational capabilities but weak soft skills for global markets

The results reveal that Guangdong pharmaceutical companies excel in manufacturing and benefit from policy support, but struggle with cross-cultural adaptation and sophisticated international market strategies.

**Research Objective 2: Causal Relationships Analysis**

**Table 2** Structural Equation Modeling Results - Hypothesis Testing

Hypothesis	Relationship	Path Coefficient ( $\beta$ )	Standard Error	Critical Ratio	P-value	Result
H1	Product Development → International Market Development	0.503	0.082	6.424	<0.001***	Supported
H2	Product Development → Brand Building	0.371	0.104	5.108	<0.001***	Supported
H3	International Market Development → Global Strategy	0.328	0.067	4.256	<0.001***	Supported
H4	Brand Building → Global Strategy	0.173	0.039	2.822	<0.01**	Supported
H5	Product Development → Global Strategy	0.480	0.082	5.322	<0.001***	Supported

\*Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ ,  $p < 0.05$

Table 2 found that: Hypothesis Testing Summary: All five direct effect hypotheses were statistically supported with excellent model validity, demonstrating clear causal relationships among constructs.

**Path Coefficient Analysis (Ranked by Strength)**

1. Strongest Relationship:

H1 Product Development  $\rightarrow$  International Market Development ( $\beta = 0.503^*$ ) \*\*

The most powerful direct effect, indicating product excellence, drives market entry capabilities.

Critical ratio = 6.424 (highest), showing robust statistical significance

2. Strong Direct Effects:

H5 Product Development  $\rightarrow$  Global Strategy Implementation ( $\beta = 0.480^*$ ) \*\*

Second strongest relationship, confirming product development as the primary strategic driver.

H2 Product Development  $\rightarrow$  Brand Building ( $\beta = 0.371^*$ ) \*\*

Demonstrates how product quality enables credible brand development.

3. Moderate Effects:

H3: International Market Development  $\rightarrow$  Global Strategy ( $\beta = 0.328^*$ ) \*\*

Shows market capabilities facilitate strategy implementation.

H4: Brand Building  $\rightarrow$  Global Strategy ( $\beta = 0.173$ ) \*\*

Weakest but significant relationship, indicating long-term brand value impact.

#### Statistical Significance:

Four hypotheses (H1, H2, H3, H5):  $p < 0.001$  (extremely significant)

One hypothesis (H4):  $p < 0.01$  (highly significant)

All critical ratios  $> 2.0$ , confirming statistical reliability.

#### Key Insights:

##### Product Development Centrality:

Product Development directly influences all other constructs (H1, H2, H5)

Total effect on Global Strategy =  $0.503 + 0.371 + 0.480 = 1.354$  (combined paths)

Confirms product excellence as a foundational requirement.

##### Implementation Pathways:

Direct Route: Product Development  $\rightarrow$  Global Strategy ( $\beta = 0.480$ )

Market Route: Product Development  $\rightarrow$  International Market  $\rightarrow$  Global Strategy ( $0.503 \times 0.328 = 0.165$ )

Brand Route: Product Development  $\rightarrow$  Brand Building  $\rightarrow$  Global Strategy ( $0.371 \times 0.173 = 0.064$ )

##### Strategic Implications:

Primary Focus: Invest in product development capabilities (strongest total effects)

Secondary Focus: Build international market capabilities (strong mediating role)

Long-term Focus: Brand building provides a sustained competitive advantage.

The results confirm that product development serves as the fundamental driver for successful global strategy implementation in Guangdong's pharmaceutical industry.

**Table 3** Model Fit Indices

Fit Index	Standard	Obtained Value	Assessment
$\chi^2/df$	<3.0	2.600	Good Fit
RMSEA	<0.08	0.071	Good Fit
GFI	>0.90	0.915	Good Fit
NFI	>0.90	0.886	Acceptable
CFI	>0.90	0.916	Good Fit

Table 3 found that: Overall Model Assessment: The structural equation model demonstrates excellent fit with empirical data, with 4 out of 5 indices achieving "Good Fit" status and 1 achieving "Acceptable" level.

**Fit Indices Performance:**

**Excellent Fit Indicators:**

$\chi^2/df = 2.600$  (Standard: <3.0) - Good Fit

Well below threshold, indicating strong model-data correspondence.

CFI = 0.916 (Standard: >0.90) - Good Fit

Excellent comparative fit, showing model superiority over baseline.

GFI = 0.915 (Standard: >0.90) - Good Fit

High goodness of fit, confirming model adequacy

**Good Fit Indicator:**

RMSEA = 0.071 (**Standard: <0.08**) - Good Fit

Low approximation error, indicating precise model specification.

**Acceptable Indicator:**

NFI = 0.886 (Standard: >0.90) - Acceptable

Slightly below optimal but within acceptable range (>0.80)

**Statistical Validation:**

80% of indices (4/5) achieved "Good Fit" status.

100% of indices met minimum acceptable standards.

No indices showed poor fit, confirming model reliability.

**Model Quality Assessment:**

Strong Internal Validity: Low RMSEA (0.071) indicates minimal specification error.

High Comparative Validity: CFI (0.916) shows substantial improvement over the null model.

Adequate Absolute Fit: GFI (0.915) confirms the model explains data variance effectively.  
 Parsimonious Fit:  $\chi^2/df$  (2.600) demonstrates efficient parameter utilization.

**Research Implications:**

- Model Acceptance: All fit criteria support model adoption for theoretical conclusions
- Reliability Confirmation: Results can be confidently used for hypothesis validation.
- Generalizability Support: Strong fit suggests model applicability to similar contexts.

The comprehensive fit assessment confirms that the proposed causal model accurately represents the relationships among factors affecting global strategy implementation in Guangdong's pharmaceutical industry.

**Table 4** Mediation Effects Analysis

Mediation Path	Direct Effect	Indirect Effect	Total Effect	Mediation Type
H6 Product Development → International Market Development → Global Strategy	0.480	0.165	0.700	Partial Mediation
H7 Product Development → Brand Building → Global Strategy	0.480	0.055	0.700	Partial Mediation
<b>Total Indirect Effect</b>	<b>0.480</b>	<b>0.220</b>	<b>0.700</b>	<b>Partial Mediation</b>

Table 4 found that: Mediation Analysis Summary: Both hypotheses (H6 and H7) demonstrated significant partial mediation, confirming that Product Development influences Global Strategy Implementation through multiple pathways.

**Mediation Pathway Analysis:**

**Primary Mediation Route (H6):**

Path: Product Development → International Market Development → Global Strategy

Indirect Effect: 0.165 (75% of total indirect effect)

Calculation:  $0.503 \times 0.328 = 0.165$

Interpretation: International market capabilities serve as the dominant mediator

**Secondary Mediation Route (H7):**

Path: Product Development → Brand Building → Global Strategy

Indirect Effect: 0.055 (25% of total indirect effect)

Calculation:  $0.371 \times 0.173 = 0.055$

Interpretation: Brand building provides supplementary mediation

**Effect Decomposition:**

Direct Effect: 0.480 (68.6% of total effect)  
 Total Indirect Effect: 0.220 (31.4% of total effect)  
 Total Effect: 0.700  
 Mediation Ratio:  $0.220/0.700 = 31.4\%$

**Mediation Type Confirmation:**

Partial Mediation in both pathways  
 Direct effect (0.480) remains highly significant alongside indirect effects.  
 Indicates multiple complementary mechanisms rather than a single pathway.

**Strategic Implications:**

**Immediate Impact (Direct):**

Product Development directly drives 68.6% of Global Strategy success.  
 Primary recommendation: Focus on core product capabilities

**Market-Mediated Impact (31.4% total):**

International Market route (23.6%): Build partnerships, pricing strategies, and competitive analysis.

Brand Building route (7.9%): Develop long-term brand equity and customer relationships.

**Implementation Strategy:**

1. Foundation (Direct): Strengthen R&D, manufacturing, and differentiation.
2. Market Access (Primary Mediation): Develop international market capabilities.
3. Brand Equity (Secondary Mediation): Build sustainable brand advantages.

The analysis confirms that Product Development creates value through multiple channels, with international market development serving as the primary mediating mechanism for global strategy success.

**Research Objective 3: Comprehensive Model Development**

**Table 5** Final Structural Model Summary

Variable	R <sup>2</sup>	Variance Explained
International Market Development	0.253	25.3% (by Product Development)
Brand Building	0.138	13.8% (by Product Development)
Global Strategy Implementation	0.490	49.0% (by all predictors)

Table 5 found that: Model Explanatory Power: The structural model demonstrates substantial predictive validity with strong variance explanation across all endogenous variables.

**Variance Explained Analysis:****Mediating Variables:**

International Market Development:  $R^2 = 0.253$  (25.3%)

Product Development explains one-quarter of international market capabilities.

Moderate explanatory power, indicating that other factors influence market development.

Brand Building:  $R^2 = 0.138$  (13.8%)

Product Development explains limited variance in brand building.

Suggests brand development requires additional factors beyond product excellence.

**Primary Outcome Variable:**

Global Strategy Implementation:  $R^2 = 0.490$  (49.0%)

Strong explanatory power - nearly half of the variance explained.

Exceeds Cohen's (1988) benchmark for large effect size ( $R^2 > 0.26$ )

Indicates a robust predictive model.

**Model Performance Assessment:****Research Standards Comparison:**

Social Sciences Benchmark:  $R^2 = 0.49$  considered excellent (Cohen, 1988)

Business Research Typical Range: 0.20-0.40; this model exceeds expectations.

Pharmaceutical Industry Context: Higher than typical strategy research (0.25-0.35)

**Predictive Capacity:**

Explained Variance: 49.0% of Global Strategy Implementation

Unexplained Variance: 51.0% due to external factors

Model Efficiency: Strong prediction with parsimonious design (4 main constructs)

**Theoretical Implications:****Strong Causal Structure:**

Product Development → International Market (25.3% variance) → Global Strategy

Product Development → Brand Building (13.8% variance) → Global Strategy

The combined effect produces 49.0% total explanation.

**Missing Variance Sources (51.0%):**

External market conditions

Regulatory environment changes

Competitive dynamics

Organizational culture factors

Leadership capabilities

**Practical Implications:****Model Reliability:**

49.0% explanation provides a solid foundation for strategic decision-making.

Sufficient predictive power for practical application

Actionable insights for pharmaceutical companies

#### **Strategic Focus Areas:**

Primary (25.3%): International market development capabilities

Secondary (13.8%): Brand-building initiatives

Combined (49.0%): Integrated approach yields maximum impact.

The 49.0% variance explanation confirms the model's substantial theoretical validity and practical utility for guiding global strategy implementation in Guangdong's pharmaceutical industry.

## **Discussion**

### **Discussion of Objective 1 Key Factors Identification**

The results confirm that four main constructs significantly affect global strategy implementation in Guangdong's pharmaceutical industry. Product Development emerged as the strongest factor, with Manufacturing Capacity (Mean = 4.62) and Product Differentiation (Mean = 4.55) showing the highest agreement levels. This finding aligns with Porter's competitive advantage theory, suggesting that operational excellence and innovation differentiation are crucial for international competitiveness (Porter, 1980). Government Policy within International Market Development showed the highest mean score (4.63), reflecting the significant impact of China's Belt and Road Initiative and Guangdong-Hong Kong-Macao Greater Bay Area policies on pharmaceutical globalization. This supports institutional theory, which emphasizes the role of government support in facilitating international expansion (North, 1990).

### **Discussion of Objective 2: Causal Relationships**

Strong Direct Effects ( $\beta > 0.4$ )

Product Development  $\rightarrow$  International Market Development ( $\beta = 0.503$ ). This strongest relationship confirms that robust R&D capabilities, advanced manufacturing, and product differentiation are prerequisites for successful international market entry. The finding supports the Resource-Based View theory (Barney, 1991), indicating that internal capabilities determine external market success.

Product Development  $\rightarrow$  Global Strategy Implementation ( $\beta = 0.480$ ) The second strongest relationship demonstrates that product excellence directly enables comprehensive global strategy execution. This aligns with the Product Life Cycle theory (Levitt, 1965), where superior products facilitate international market expansion.

Moderate Direct Effects ( $\beta = 0.3-0.4$ )

Product Development  $\rightarrow$  Brand Building ( $\beta = 0.371$ ) This relationship confirms that quality products provide the foundation for credible brand development. The finding supports Keller's Customer-Based Brand Equity model (1993), where product quality drives brand equity.

International Market Development  $\rightarrow$  Global Strategy Implementation ( $\beta = 0.328$ ) This relationship indicates that market development activities significantly contribute to overall strategy success, supporting internationalization process theory (Uppsala Model).

Moderate Direct Effects ( $\beta < 0.3$ )

Brand Building  $\rightarrow$  Global Strategy Implementation ( $\beta = 0.173$ ) While statistically significant, this weaker relationship suggests that brand building has a more long-term impact on strategy implementation. This finding aligns with brand equity literature, which emphasizes the gradual accumulation of brand value over time.

### Discussion of Objective 3 Model Development

The comprehensive model successfully explains 49.0% of global strategy implementation variance, demonstrating substantial predictive power. The partial mediation effects (total indirect effect = 0.220) confirm that product development influences global strategy both directly and indirectly through market development and brand-building capabilities.

### Theoretical Implications

The model integrates three major theories:

1. Resource-Based View: Internal capabilities (product development) drive competitive advantage.
2. Uppsala Model: Gradual internationalization through market development
3. Brand Equity Theory: Brand building enhances long-term market position.

### Practical Model Application

The model provides a roadmap for Guangdong pharmaceutical companies:

Phase 1 Foundation Building - Invest in product development (R&D, manufacturing, differentiation)

Phase 2 Market Entry - Develop international market capabilities (partnerships, pricing, regulatory)

Phase 3 Brand Establishment - Build global brand equity (quality standards, cultural adaptation)

Phase 4 Strategy Integration - Coordinate all elements for comprehensive global strategy implementation.

### Industry-Specific Insights

## Regulatory Complexity Management

The pharmaceutical industry's unique regulatory environment requires specialized approaches. Companies must develop regulatory expertise for multiple markets (FDA, EMA, PMDA) while maintaining cost competitiveness. The strong government policy effect (part of H3) reflects this regulatory complexity.

## Quality Assurance Critical Success Factor

The emphasis on Consistent Quality Standards (Mean = 4.47) within brand building reflects the pharmaceutical industry's safety and efficacy requirements. This finding supports regulatory science theory, emphasizing quality as a non-negotiable requirement for global pharmaceutical marketing.

## Cross-Cultural Adaptation Challenges

**Cross-Cultural Management** showed the lowest mean score (4.33) among global strategy dimensions, indicating significant implementation challenges. This finding highlights the need for specialized cross-cultural training and adaptive management practices in pharmaceutical globalization.

## Comparative Analysis with International Best Practices

Compared to global pharmaceutical leaders (Pfizer, GSK, Novartis), Guangdong companies show:

### Strengths:

Strong manufacturing capabilities (Mean = 4.62)

Government policy support (Mean = 4.63)

Strategic partnership readiness (Mean = 4.61)

### Areas for Improvement:

Cross-cultural management capabilities (Mean = 4.33)

Brand culture value development (Mean = 4.57)

International pricing strategy sophistication (Mean = 4.32)

## Strategic Implications

**Investment Prioritization** Based on path coefficients, companies should prioritize:

1. Product Development (highest total effect = 0.700)
2. International Market Development (strong mediator)
3. Brand Building (long-term value creator)

## Sequential Implementation Strategy

The mediation effects suggest a sequential approach:

1. Build product excellence (R&D investment, manufacturing capability)
2. Develop market capabilities (partnerships, regulatory expertise)
3. Establish brand equity (quality standards, cultural adaptation)

4. Integrate global strategy (coordinated implementation)

### Limitations and Future Research Directions

#### Study Limitations

1. Geographic Scope: Limited to Guangdong Province
2. Cross-sectional Design: Cannot establish temporal causality.
3. Self-reported Data: Potential response bias
4. Industry Focus: Limited to the pharmaceutical sector

#### Future Research Opportunities

1. Longitudinal Studies: Examine causal relationships over time.
2. Comparative Regional Analysis: Include other Chinese provinces.
3. International Benchmarking: Compare with developed markets.
4. Digital Transformation Impact: Investigate technology's role.
5. ESG Integration: Examine sustainability factors.

### Conclusion and Recommendation

This study provides comprehensive empirical evidence for the causal relationships between key factors affecting global strategy implementation in Guangdong's pharmaceutical industry. The research successfully achieved all three objectives, providing both theoretical insights and practical guidance for industry stakeholders.

#### Key Research Contributions

Objective 1 Achievement: Successfully identified and validated four key factors affecting global strategy implementation with high reliability (Cronbach's  $\alpha > 0.85$  for all constructs).

Objective 2 Achievement: Confirmed all seven hypotheses with strong statistical support, demonstrating clear causal relationships with excellent model fit ( $\chi^2/df = 2.600$ , RMSEA = 0.071).

**Objective 3 Achievement:** Developed a comprehensive model explaining 49.0% of global strategy implementation variance, providing substantial predictive power for practical application.

#### Strategic Recommendations

Based on the empirical findings, Guangdong pharmaceutical companies should adopt an integrated approach emphasizing:

1. Product Development Excellence ( $\beta = 0.480$  direct effect)
2. Strategic Market Development ( $\beta = 0.328$  mediation effect)
3. Systematic Brand Building ( $\beta = 0.173$  long-term value)
4. Coordinated Implementation (49.0% explained variance)

#### Policy Implications



Government support should focus on Enhanced R&D infrastructure and funding, international market entry facilitation, Quality standard certification support, and Cross-cultural management training programs.

The study ultimately demonstrates that successful global strategy implementation requires a holistic approach emphasizing product development excellence while systematically building international market capabilities and brand equity. These findings provide valuable guidance for Guangdong pharmaceutical companies seeking sustainable competitive positions in global markets.

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