THE CONTRIBUTION OF MANAGERIAL TIES TO INTERNATIONAL LEARNING CAPABILITY AND EXPORT PERFORMANCE: EVIDENCE FROM THAI EXPORTERS

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A Thesis Submitted in Partial
Fulfillment of the Requirements for the Degree of
Master of Art (Management)
International College
National Institute of Development Administration
2016

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December 2015

ABSTRACT

Title of Thesis	The Contribution of Managerial Ties to International Learning Capability and Export Performance: Evidence from Thai Exporters
Author	Mr. Nithi Plangsriskul
Degree	Master of Art (Management)
Year	2016

This study empirically investigates the role of managerial ties that facilitates the acquisition of international learning capability, which consequently benefits export performance. Social capital theory and resource-based view of firm are used as the main theoretical framework for hypotheses development. A survey data were collected from 124 export firms in Thailand. The data were analyzed using partial least square regression analysis. The results suggest positive relationship between managerial ties and the international learning capability, which in turn, positively associated with the export performance of the sample firms. The results also support the positive and direct association between managerial ties and export performance. The overall results imply that Thai export firms may be able to increase their international learning capability which is crucial to improve their export performance by cultivating the benefits from their social capital.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to my advisor, Prof. Peerayuth Charoensukmongkol, for his guidance and encouragement in carrying out the work on this thesis. I also wish to express my gratitude to other faculties and staff members at the international college of NIDA, who rendered their helps since the start of the program to the finish of this thesis.

I would like to sincerely thank my family and friends who provide me strengths and warmth, so that I could have a clear mind to complete all of my difficult tasks. I would like to give special thanks to my father and mother who gave me a healthy body, a wonderful home, and all the supports that are necessary to make me who I am today.

Nithi Plangsriskul

January 2016

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CHAPTER 1

INTRODUCTION

As we are living in the ever fastest changing world of fierce business competition, and as more business firms are trying to expand their promising business oversea by either exporting, direct foreign investment, or joint venture according to Fabling and Sanderson (2013), it is essential for those firms to develop new or adapt their strategies to the kind of environment where their businesses reside. However, this may not be an easy task to accomplish instantly. It is generally required more than just a moderate planning, organizing, leading, and controlling. According to Xu (2010), there are many obstacles that firms need to be aware and able to overcome first, before many of them can reach their expectations and execute the ultimate goals. First and foremost, in order to strengthen and streamline their business strategies, firms must understand about the livelihood of their business environment, background, institution, consumers' taste, and etc. More importantly, firms ought to acquire additional knowledge through some certain means and improve their learning capability in order to come up with innovative, up to date, and new and attractive products to the markets to compete successfully in both domestic and international markets according to Mat and Razak (2011).

An important indicator of success of a business firm is its learning and capability development which, encompasses all firms' activities focused on: 1) improving the performance of groups and individuals within the organization by stating the gaps in skills, competencies, and knowledge; and 2) creating the strategic talent capabilities of the firm through a systematic aim on competence that is required to meet business goals (Vathanophas, 2007). This usually includes learning strategy, content design and development, audience assessment, learning programs, learning culture, measurement and evaluation (Mallon, 2010). Nevertheless, there are some milestones that firms may have to overcome before they can achieve or gain access to the new knowledge as above mentioned and enhance their learning capability.

Some previous research defines learning capability as the managerial and organizational characteristics, skills, practices, or the organizational learning processes facilitators (e.g., integrating information/knowledge, generating, disseminating, and acquiring), which allows an organization to learn (Jerez-Gomez, Cespedes-Lorente and Valle-Cabrera, 2005). The rapidly changing business condition has induced researchers and managers to search for new ways to streamline firms' capability of predicting the need for capability of continuous adaptation and change. Firms' learning boosts continuous adaptation and improvement of organization as a whole. Whereby, firms' learning has comprised the endeavor of managers seeking to survive their current business environment (Goh and Richards, 1997). Wheelright and Clark (1992) recommend that learning capability is the peculiar factor in new product development of firms. This is because new product must make improvement and adapt to the current fast changing situations such as, technological developments, customer demand uncertainty, and competitive market situations.

Prior research found that learning capability can be generated from many sources. For example: Interaction and openness with the external environment, which is considered as a climate of openness that encourages the points of views and new ideas by extensive relationships with the external environment (Chiva, Alegre and Lapiedra, 2007); Knowledge transfer and integration, which comprises of two closely related processes: internal transfer and integration of knowledge, happens simultaneously rather than sequentially. The capableness of these two processes depends on the previous existence of absorptive capacity suggesting the minimal degree of internal barriers that hinder the transfer of firms' best practices (Cohen and Levinthal, 1990); And managerial commitment implies that managers acknowledge the relevance of learning for firms' success in which they create a culture that reinforces the, creation, acquisition, and knowledge transfer as fundamental values (Jerez-Gomez et al., 2005).

In addition to the sources of learning capability mentioned earlier, research suggests that social capital is also another mean by which learning capability can be gained (Zhou, Poppo and Yang, 2008). Social Capital is a concept where relationships and norms shape the quality and quantity of society's social interaction (Acquaah, 2007). It is about having good network by building relationships purposefully and incorporating them to create intangible and tangible short and long-term benefits, (Armstrong and Shimizu, 2007; Barney, 1986; Peng and Heath, (1996); Mahoney and Pandian, 1992; Peteraf, 1993). Many managers today strive for new connection and ties. It is believed that social relations derived from social capital have potential to facilitate the increase of economic benefits to business firms (Bazan and Schmitz, 1997; Peng, 2000; Yeung and Tung, 1996). In the Eastern cultures, especially Thailand, it is assumed that in order to become successful in business it is important for firms to have strong relationships with the stakeholders, whether it is suppliers, customers, or outside institutions (Nambisan and Baron, 2010; Ebner, Stickel, Scerbakov and Holzinger, 2009; Lilien, Morrison, Searl, Sonnack and Von Hippel 2002; Zhou, Poppo and Yang, 2008). Not only they must by pass some regulations, but also knowledge sharing becomes essential (Lages, Silva and Styles, 2009; Narayan and Woolcock, 2000).

The main objective of this research is to focus on the benefit of social capital of Thai exporting firms on their export performance. One of the significant aspects of social capital which this research focuses on and is the main interest is managerial ties. In this context, managerial ties are an important driver to facilitate the management of favors (Dunlap and Jacques, 2013), primary consisting of relationships or connections between upper level personals of one's firm and other related firms that have positive influences on firm's performance. This research deploys social capital theory to explain the contribution of managerial ties on international performance of Thai exporters (Acquaah, 2007; Bazan and Schmitz, 1997; Danis et al., 2010; Estrin and Prevezer, 2011; Peng and Heath, 1996; Li et al., 2008; Peng and Luo, 2000; McCarthy, Puffer, Dunlap and Jaeger, 2012; Peng, 2003; Poppo and Yang, 2008). Specifically, the author argues that managerial ties can enhance international performance through the mediating effect of international learning capability. The author posits that knowledge gained from social connections with other managers at different firms would give them knowledge that they sometimes they cannot find themselves. Moreover, the resourced-based view (RBV) of the firm (Barney, 1991) will be used as another theoretical support to explain why managerial ties can be considered a critical resource that firms can use to build their competitive advantage.

Although research about the role of social capital on firm performance has been investigated in research (Bazan and Schmitz, 1997; Behyan, Mohamad and Osman, 2011; Peng and Heath, 1996; Heslam, Jones and Pollitt, 2009; Peng 2000; Yeung and Tung, 1996; Sari, 2008; Stam, Arzlanian and Elfring, 2013), study conducted using the sample of Thai firms is still lacking. The sample of Thai firms can provide more understand about the role of social capital in business as Thai firms are based in the country where social connections are considered as vital source for the survival and growth of firms (Stam et al., 2013).

This research will begin by examining the definition of export performance and how it can be used as a powerful index to measure a firm's success. It will then explain about social capital of firms and the way it has a significant influence on firm's outcome of success. It will explore the linkage between social capital among the top managers and degree of competitiveness gained by the firms in adopting criteria in the resourced based view. Then, it will explore how managerial ties would increase firms' learning capability and export performance.

CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES

2.1 Export Performance

Export performance is the success or failure of the efforts of an enterprise to sell domestic produced goods and services in other countries or nations (Zou and Stan, 1998). Export performance is usually explained in objective terms such as sales, profitability, or marketing measures and in subjective measures such as customer satisfaction (Oliveira, Cadogan and Souchen, 2012). Over the last few decades, many companies from developing countries have started to expand from domestic market to international markets by selling their product to international customers through the means of exporting (Zou and Stan, 1998). However, firms face high degree of uncertainty when they are deciding how to serve foreign and international markets. Often times, they are not aware of the local legal requirements or regulations in obtaining the operating licenses. They are sometimes unsure about how adequate their products are to the local customer tastes and the size of international demand (Aaby, 1989). Therefore, firms are likely to export more than other mode of expansion such as FDI, franchising, and licensing (Conconi, Sapir, and Zanardi, 2014). Some of the advantages of exporting are that firms can sell their goods and services to the markets that it had never before sold to, which will boost their sales and increases revenues for firms. Firms could gain some part of the global market shares, (Moini, 1995). By exporting, firms could gain some part of their share in large international market place and participate in the global market (Cavusgil and Kirpalani, 1993). They can gain new knowledge and experience. By exporting or going international firms can gain new ideas and valuable information about recent technologies, new marketing strategies and techniques, and outside competitors through social networks. The gains could help firms' performance domestically as well as internationally (Lages, 2000).

In research, the topic of export performance of firms has been studied extensively. Some of the early researches on the firm's export performance can be retrieved back to the beginning of 1960s by Tookey (1964), whose work was the pioneer. He tried to point out factors that lead to the successes of exporting. Since that time, several empirical studies have identified and examined the major determinants of export performance, showed that there are increasing global interests in exporting (Bilkey 1978; Cavusgil and Nevin, 1981; Reid, 1983; Madsen, 1987; Aaby and Slater, 1989; Moini, 1995; Johanson and Vahlne, 1977; Cicic, Patterson and Shouham, 2002; Bijmolt and Zwart, 1994; Walters and Samiee, 1990; Da Rocha and Christensen, 1994). Literatures in this area also suggested that export performance can depend on various factors. Some of these factors include resource availability, marketing strategy, organizational structure, managerial experience, and etc (Dijk, 2002; Zou, 1994; Hawawini, Subramanian and Verdin, 2003; McGahan and Porter, 1997; Hill and Deeds, 1996; Porter, 1985; Pearce, Freeman and Robinson, 1987) attempted to conceive the dynamics of the interrelationships, which proposes a basic working model that consisted of three groups of variables: background, which is environmental forces, organizational, and managerial that have an indirect affect to export performance; intervening, that is the variables that have a direct affect to export performance, consisting mostly of targeting elements and marketing strategy; and outcome, which is the export performance of firms. This model serves as a fundamental framework for the present study. The author focuses on the managerial factor which can be conceptualized in terms of the demographic, behavioral, experiential, attitudinal, and other important characteristics of a decision maker who is normally involved within the exporting processes of a firm (Leonidou, Ketsikeas and Piercy, 1998). Specifically, this research emphasize on the capability of managers to develop social ties with managers at other firms that allow them to enhance their export performance.

2.2 Social Capital Theory

This research is based largely on social capital theory. Social capital is a concept that has existed since the formation of small communities and human were interacting with such an expectation of trust and reciprocation (Bazan and Schmitz, 1997). Social capital theory consists of the norms and networks that facilitate cooperative or collective actions for the mutual benefits. At one end, social capital theory is based on the premise that social relationships have the ability to facilitate the accrual of economic benefits to the individuals and the group (Yeung and Tung 1996). The relationships shape and connect the links of interactions and communications. Generally, a society that is endowed with such valuable and diverse stocks of social networking will be in a better and less vulnerable position from the attack of asperity. In addition, it will be in the stronger position to dissolve disputes and/or take advantage of the new opportunities (Sari, 2008). In the opposite, the absence of social ties or social networks can have the significant impacts. For example, in the times of need, a community may not be able to lend a helping hand if it does not have any connections with other outside neighboring communities (Heslam, et al., 2009).

The conceptualization of social capital was formally acquired in community studies to explain relational resources rooted in personal connections within the community (Behyan, Mohamad and Osman, 2011). For example, open innovation instruments, such as IT-based open innovation platforms (Ebner, et al., 2009; Nambisan and Baron, 2010) or lead user workshops (Lilien et al., 2002), foster interaction, where managers establish or strengthen social relationships and hence subsequently create a constructive social network across organizational boundaries. Such networks are beneficial as they later may provide passage ways to ideas, knowledge and other resources (Lages et al., 2009). Despite the proliferation in the internet recruitment services, majority of employers are still looking for the right people for the job, and most jobseekers find the best jobs they are looking for by patting on their social networks of family, friends, acquaintances, neighbors, colleagues, and associates. Social capital embedded in these networks indicates that the information provided about potential candidates is trusted, which eases managers in their decision-making (Bouzdine and Bourakova-Lorgnier, 2004). In addition, taking part a new social organization is somewhat like an initiation into the existing relations and codes within social network, which part finishes by means of inclusion and a feel of inclusiveness. This helps talented people stick with their jobs because they appreciate meaning of their work and created a sense of community. They feel the sense of belonging and identify with firm, which could greatly benefit firms in many ways. For example, employees with sense of belonging often tend to give accurate information to the firm (Bouzdine and Bourakova-Lorgnier, 2004). In simple terms, this is the proposition that the quality of relationships amongst people has a major influence on economic performance.

In research, social capital theory has been applied in various fields. For example, according to Roxas and Chadee (2011) , inter-firm networks or the networks of among the managers or owners of firms act as channels to funnel externally available resources into the firm. Other researches posit that social capital grants firms with entry to resources such as strategic knowledge that are essential to processes of value creation because they permit firms to deduct the transaction costs of exchange and social interaction (Bonner, Kim and Carusgil, 2005; Luo, 2003; Ainuddin, Beamish, Hulland, and Rouse, 2007; Bonner et al., 2005; Ellis, 2010; Ma, Johns and Allen, 2009; Newbert, 2007). In addition, social networks allow the flow of valuable information into the firm, improve its strategic knowledge and facilitate processes that grant a firm to behave innovatively and proactively (Luo, 2003; Walter, Auer and Ritter, 2006). This knowledge that passes into the firm may be in the form of know-how (Kogut and Zander, 1992), skills or management capability, business opportunities (Walter et al., 2006) and market knowledge (Kale, Singh and Perlmutter, 2000).

2.3 Resource Based View of Firm

The resource based view (RBV) of firms is another theory that has been used to explain why some firms tend to have more superior performance than others. The theory argues that the competitiveness and advantages of an enterprise rests mainly in the adoption of a bundle of valuable intangible or tangible resources at the enterprise's disposal (Oliver, 1997). Based on the RBV (Barney, 1991), the four criteria's are valuable, rare, inimitable, and non-substitutable. A valuable resource is a resource that enables a firm to manipulate a value-creating strategy, by either outcompeting its rivals and competitors or diminish its own weaknesses. (Mahoney and Rajendran Pandian, 1992). Rare is to be of value by itself. It is a resource that will not be widely or commonly available. Resources that can only be acquired by one or few companies are considered rare. When more than few companies have the same resource or capability, it results in competitive parity (Barney, 1986; Rothaermel, 2013). Inimitable, if a firm is able to control a valuable resource by itself it may be a source of a competitive advantage. And if the competitors are not able to imitate this strategic asset completely then this advantage is sustainable (Peteraf, 1993; Barney, 1986). An important underlying factor of inimitability is the firm's competitive advantage stems is from which resource. If the resource in question is of knowledge-based or socially complex as in our study, then firm having these types of resources are plausible to be peculiarity in which it resides (Peteraf, 1993). Non-substitutable, even when a resource is value creating, rare, and inimitable completely, an equally essential aspect is the lack of substitutability (Dierickx and Cool, 1989). If rival firms are able to accomplish the firm's value-creating strategy with a substitute, a gain may result in non-economic profits. (Tsang, 1998).

For example, the study of Zhou, Kiridaran, Lobo, and Ma. (2016) used the RBV to support the role of marketing and technology capabilities as the critical factors that determine the performance of Chinese firms. The study of Jalali, Bhartiya, Lalwani, Sivasybbu and Scarla (2013), focused on Iranian firms, also used the RBV as an underpinning theory to stress the importance of entrepreneurial orientation as a firm's unique proprietary asset that can enhance firm performance.

Zhu and Kraemer (2002) use the RBV to examine the interaction effect between a specific dynamic capability (e-commerce capability) and a given resource (information technology infrastructure) on different measures of performance of firms. Carmeli (2001) used the previous studies from Hall (1992, 1993) as motivation for his own research. Nevertheless, unlike Hall, he used the RBV framework to investigate whether the profile of perceived core intangible resources in high-performance firms was dissimilar from those as shown as evidence in low-performance firms.

2.4 Managerial Ties and Firms' Export Performance

Based on the social capital theory mentioned above, this research proposes that relationship that firms build with various entities can benefit firm performance. Specifically, this research focuses on managerial ties that firms develop with the managers at other firms, including customer firms, supplier firms, as well as competitor firms. Managerial ties are important drives to facilitate the gaining of the management favors (McCarthy, Puffer, Dunlap and Jaeger 2013). In the absence of formal market supporting institutions, managerial tiesor connections with other managers at different firms have been argued to be a dominating area to get the managers' attention in emerging economies (Peng and Heath, 1996). Scholars also argue that the fewer market-supporting institutions are established, the more need managers will feel about devoting extra resources and time to cultivate managerial ties (Poppo and Yang, 2008; Danis, Chiaburu and Lyles, 2010; Peng, 2003).

In literatures, managerial ties have been reported to have significant impacts on the performance of firms and enterprises in the emerging economies such as China (Peng and Luo, 2000; Li, Poppo and Zhou, 2008), Hungary (Lyles et al., 2010), Ghana (Acquaah, 2007), South Korea (Kwon, 2011), and Russia (McCarthy and Puffer, 2007). Ties are especially widespread in emerging economies because of the 'institutional voids' (Dacin, 1997). Specifically, inefficient and inadequate formal market-supporting institutions in these emerging economies necessitate a strategy centered on developing managerial ties (Estrin and Prevezer, 2011; Peng and Health, 1996).

Social capital also has tremendous effect on Thai business as well. A research indicates that social capital drawn from social structure is not independent for there are large overlaps are present. A common thread of trust forms opportunities, ability, and motivation. The research highlighted that managers can develop social capital and use social capital as a marketing tool and strategy with the export relationship in Thailand (Theingi and Phungphol, 2008). Further, a study investigates the influences of social capital on three different dimensions: the structural dimension, the cognitive dimension, and relational dimension in relation to organizational innovation and absorptive capacity. The study collected questionnaires from 119 Thai leather product-exporting firms. The results suggest that both cognitive and the relational dimensions have a positive significant effect on absorptive capacity. Subsequently, absorptive capacity has a positive significant effect on organizational innovation (Ploychompoo Kittikunchotiwut, 2015). In another research, when creating the business, it is proven that new entrepreneurs can benefit from social capital, and therefore, entrepreneurs are considering networking, one remark of social capital, as an important tool for new business development. (Siriluck Apiratpinyo and Thanan Suwannapisit, 2010)

McEvily and Zaheer (1999) demonstrated that active involvement in professional associations that include members that consist of managers working at different firms could help firms gain access to resources and information. In a similar perspective, they suggested that inadequate institutional conditions marked by uncertain policy and inefficient legal and law systems drive firms to seek ties with other managers at different firms in order to achieve goals. Peng and Heath (1996) also argued in a volatile and uncertain environment, networks stabilize economic activities by having members engage in reciprocal, preferential, and mutually supportive action. Networks provide flexibility of resource allocation in an environment where needed factor mobility is severely constrained.

Empirical studies also found evidence that the more ties mangers develop with other social players will be beneficial in terms of firm's performance. For example, a data survey from China found that the managers' micro interpersonal connections with other top executives at different enterprises can help strengthening the macro overall organizational performance (Peng 2000). In another source, an meta-analysis of 61 different samples shows that the positive relation between the social capitaland firm performance was significant (Stam 2013).

Moreover, the contribution of managerial tie on performance of firms can be supported by the RBV. In the resource-based view, the firm is viewed as a combination of resources that contain vital intangible resources, which can create greater profits and competitive advantage. It is argued that social capital stands out notably among such intangible resources. It is seen that an explicit incorporation of social capital strengthens the analytical powers in the resource-based view in relative to numerous issues (Neilsen, Chisholm). By considering the RBV, the investigation proposes that superior performance is a component of resources that are valuable, rare, inimitable and effectively combined to develop, improve, and sustain the firm's competitive advantage. This study also argues that small, resource-limited export firms in a developing economy are able to develop entrepreneurial tactics and cultivate positive rates of return. Social capital is value creating that is no substitute in nature. In the present view, firms do not operate in seclusion but rather are rooted in a network of relationships as they make value creation (Ma et al., 2009; Manolova, Manev and Gyoshev, 2009; Walter et al., 2006). This network of relationships with individuals, social or economic entities, and other firms create some form of intangible related assets valuable to the firm.

Other researches have extended the scope of resources that a firm may achieve in pursuit of competitive advantage (Barney, 1991; 2007; Chrisholm and Nielsen, 2009; Locket, Thompson, and Morgenstern, 2009; Wernerfelt, 1984; Newbert, 2007). Social capital is perceived as an asset that allows the firm entry to various resources that may beyond its reach as if the firm were acted in seclusion (Lages et al., 2009; Davidsson and Honig, 2003). Moreover, social capital is viewed as a resource that streamlines export activities of firms and covers gaps such as the lack of available information on export opportunities in the institutional environment.

Building on the framework of VRIN, studies argues that social capital grants firms to gain knowledge about exporting which supports managers' decision, allowing firms to create positive returns on its export activities (Barney, 1991; 2007; Chrisholm and Nielsen, 2009; Locket, Thompson, and Morgenstern, 2009). Some studies suggest that among the various resource types of VRIN, intangible resources of firms are probable to become strategic assets for strengthening competitive advantage as these resources are likely to be valuable, imperfectly imitable, rare, and difficult for competitors to substitute (Barney, 1991; 2007; Chrisholm and Nielsen, 2009) A network model on internationalization of firms (Hadley and Wilson, 2003; Ellis, 2010; Federico, Kantis, Rialp, and Rialp, 2009) also emphasized that a performance of firms in their export ventures depends mainly upon their ability to create and sustain a strong and reliable network of relationships in both the domestic and international markets.

Social capital is a resource that must be generated over time, a resource which can provide firms with an understanding of the possible opportunities and constraints for its export activities (Hadley and Wilson, 2003). In addition, the 'capability' or 'organization' element of Barney's (2007) in the RBV refers to knowledge and information-based as firms' particular tangible or intangible processes that develop over time through complex interactions among the firm's resources. This view suggests that firms' ability to gain information and innovate is an example of their ability to array resources to develop and enhance firms' outputs over some period of time. This reinforces that social capital is certainly resources in the RBV.

This section attempts to link social capital to the value-creation of firm by the RBV. On the theoretical front, social capital serve as pathway through which the sample firms are able to gain, streamline or augment their export information and knowledge and extend the scope of a firm's strategic asset in the context of RBV (Armstrong and Shimizu, 2007; Barney, 2001; Newbert, 2007). Under the framework of VRIN in RBV (Barney, 2007), a firm must attain the "organizing capability" to tactically exploit its valuable, rare, and imperfectly inimitable and non-substitute strategic assets. This result illustrates that managerial ties, an aspect of social capital, is an example of this "organizing capability" that exploits and leverage valuable and rare export knowledge and information for firms.

By caring for these resources that possess these important assets may improve organizational performance (Crook, Ketcen, Combs and Todd, 2008) Therefore, granting firms that possess such social capital have a strong advantage and hence, improve their export performance (Tsang 1998).

Considering all supports mentioned above, the first hypothesis is presented as the following:

Hypothesis 1: Managerial ties will positively associate with export performance.

2.5 Managerial Ties and International Learning Capability

International business and exporting can be challenging. There are differences in doing business internationally than doing business at home. There are new knowledge to acquire and skills to learn about the country exporting firm is going into. The firm will need to gain knowledge about the different laws and regulations, which conceptualized in the institution distance, the habits of the buying customer, and adapt the marketing strategies and products to appeal to the new country of entering. Also, it is important to remember that the way firms operate their business will be determined by the culture of the home market, not the firms', which can be comprehended by the concept of cultural distance.

International learning capability is one of the major constituents behind how firm would behave internationally in terms of the ways through which firms take part in the markets, the swiftness of the launch, and how they select foreign markets. Thus, the ability to acquire critical knowledge has been clearly connected with the international learning process of firms. International learning capability is observed as a line of increment decisions by mean of which in order to lower the degree of risks and uncertainty, as firms gain experiences and knowledge in a country, they become more willingly to increase investment in the more advance and secure ways of functioning in that market (Brouthers, Nakos, Hadjmarcou and Brather, 2009). Lack of experience, and knowledge are important barriers to improving performances of firms.

Top managers, management teams, and entrepreneurs carry with them to the new firms their previous experiences, abilities, and international knowledge, which are derived from their backgrounds. Nonetheless, this previous experience may later become obsolete or outdated over time, and therefore new learning and knowledge acquisition is required. At the inter-corporation networks level, newer firms may benefit from the advantage of learning knowledge that has already been acquired by the older firms, where corporation structures and routines are being incorporated and put in place. However, in some instances where inactivity may hinder older firms' abilities to achieve learning, newer firms may then share the new knowledge with older firms. (Roger, Cavusgil, and Zhou, 2002)

It has been claimed that international learning capability allows firms to effectively acquire critical knowledge required to successfully compete in foreign market and improve export performance by overcoming institutional distance as well as cultural distance. (Tsai and Wang, 2012). Firstly, international learning capability is an important factor in overcoming the institutional distance. As in the recent decade, the idea of 'institution distance' has become the major belief among the economists and multi-facet organizations. The concept of ‘distance’ has been the center of attention to international business scholars in attempting to describe variation in operations across boundaries and international business strategies. The further the distant of a host country is to the middle of multinational enterprise, the more firm needs to adapt to and bridge the differences in laws and regulation, culture, and other organizational routines and practices. The multinational enterprise and firm has to learn and bridge its organizational forms, its entry strategies, and international procedures to manipulate the differences (Johanson and Vahlne, 1977; Kogut and Singh, 1988; Kostova and Roth, 2002). Thus, when a firm enters a new foreign market or an international market there is a lack of knowledge such as law and regulations of the new market. Hence, International learning becomes explicitly essential when there is weak institution, to overcome the lack of knowledge embedded with the institution distance.

Secondly international learning capability is also another important factor to facilitate the drive in overcoming the cultural distance barriers, since no two cultures are the exactly the same and understanding both the social and business culture in exporting country is the first key towards success. Culture determines everything a society does, from the practice of business, to its response to marketing and advertising, to sales negotiation. Understanding these essential areas will mostly better prepare firms when first enter into the market. The unknown knowledge about cultural differences can bring difficulties to firms. Previous research has found that firm’s ability to overcome cultural barriers and form close business relationships with other partners is a crucial factor of success in the marketing of international business (Ford, 1984). Unless exporters are sensitive to the cultural aspect of relationships between the sellers and buyers, it is easier to create long-term quality relationships. Cultural distance concepts suggests that culturally distant exporters must allocate important resources to building relationship activities with the customers in foreign countries in order to heighten mutual understanding and facilitate the reduction of inherent uncertainties in the foreign markets (Doney and Cannon, 1997). Hence, heightening the understanding of, and overcoming of, the differences in culture in the international market, which helps exporters decrease the “distance” between both sides in international export relationship. Subsequently, it can be stated that exporters who are sensitive to their associates' culture will encounter fewer barriers to productive communication and tend to achieve long lasting flourishing international business relationships from their increase in international learning capability (Crosby, Evans and Cowles, 1990). A close relationship quality or close tie is more likely to have a positive consequence for both parties in terms of international learning capability (Jap, Manolis, and Weitz, 1999). All in all, firms that possess higher international learning capability will have higher tendency to achieve better export performance.

Considering all supports mentioned above, the second hypothesis is presented as the following:

Hypothesis 2: International learning capability of firms will positively associate with export performance.

In addition to the direct effect of managerial ties on export performance, this research further argues that the benefit of managerial ties on export performance can be achieved through the international learning capability that firms develop from their network ties. Nowadays, firms rely heavily on the external sources to gain new knowledge that is significant for heightening and improving new product and performance in the markets. Lane, Salk and Lyles (2001) discovered that knowledge gained through an international joint venture from its mother's company led to its improved performance. Yli-Renko, Autio and Sapienza (2001) also discovered that knowledge acquisition led significantly to the new product improvement and development. In today's business, one of the most important units of firms is the critical role by which top managers play in the knowledge acquisition. Otherwise, firms would have to carry out some of the fundamental functions such as interpreting regulations, gaining market information, and enforcing contracts on their own (Peng, 2000). This can be difficult and time consuming. In parallel, managers need managerial ties to aid them in acquiring new networks and opportunities to improve firm's competitive advantage, because other companies cannot efficiently replicate (Tsang, 1998).

Managers in firms often spend considerable amounts of time, money, and all the other resources to maintain and develop external social ties (Powell 1990). Such managerial ties would increase the international learning ability of firms to use, contact, recombine, and acquire new and existing knowledge. Nahapiet and Ghoshal (1998) claimed that social capital helps exploitation and knowledge acquisition by influencing conditions that necessitate the value creation through the combination and interchange of the existing intellectual resources. Because the acquisitions of knowledge are mostly a social process, in social capital views position that managerial ties are valuable, in which ties operate as a channel for knowledge. Therefore, managers are able to interchange the know-how and cultural market demands. Hence, many top managers seek for ways to improve their international learning capabilities by reinforcing firm's social capital among themselves.

In the Chinese context, as they are more closely related to the Thai context, ties are valuable because they allow access to trusted and inside information. Because ties are rooted in a social context of trust and obligation, the information is considered as trustworthy, especially when compared to the information gained from new acquaintances or strangers (Luo and Chen, 1997). A firm's external and internal networks, the structure of individual, company, and inter-corporation networks sharing of knowledge, and any external relationships with institutions, suppliers, and customers all have a significant role in enabling firm to increase new knowledge learning capability to expand quickly and perform better in foreign markets. Therefore, it is believed that firms' performance presents a significant impact in the relationship between managerial ties and international learning capability of firms.

Considering all supports mentioned above, the third hypothesis is presented as the following:

Hypothesis 3: Managerial ties will positive associate with international learning capability.

Hypothesis 4: International learning capability will mediate the positive relationship between managerial ties and export performance.

CHAPTER 3

METHODS

3.1 Research Context

The setting of this study is Thailand where an empirical investigation was put in place to explore the subject of export marketing performance amongst domestic Thai firms involved in export. These Thai firms came from a various cross section of industries. The industries that this research represents include consumer products, electronics, home decorations, foods and beverage, garments, raw material products, jewelry, and agriculture products.

Using Thai firms for the study is appropriate for several reasons. As Association of Southeast Asian Nations (ASEAN) region has a solid existence of the international network production (Ando and Kimura 2005), the distinctiveness among Thai firms may result from the effect of spillovers from international network production (Kornkarun Cheewatrakoolpong, Chayodom Sabhasri and Nath Bunditwattanawong, 2013). Thailand has transformed into an improved economic prosperity and a regional production hub since outward-oriented policies in the 1970s. Electronics and automobiles made up a quarter of exports from this middle to upper income economy in 2010. The regional trade agreement has been emphasized as a vehicle of commercial policy in Thailand. It has pursued the free trade agreements as bilateral since 2001 and takes part in the ASEAN free trade area (AFTA) since 1993. Thailand was selected as one of East Asia's most active free trade agreement (FTA) users in December 2009; having established 11 FTAs and another 6 FTA negotiations was being engaged. Furthermore, according to the account from the Office of National Economic and Social development Board of Thailand, the total volume of export sales of the country are more than two third of the country domestic product. However, Thailand is considered as collectivist country, where social connections, such as managerial ties, are considered as valuable assets that assists firm in various transactions in every area (Puffer, McCarthy, Jaeger and Dunlap, 2012). Given the importance of social network in Thailand, using Thai exporters as the sample is appropriate for research that emphasizes on the role of managerial ties on export performance.

3.2 Data Collection and Sample Firms

This research conducted using 50 self-administered and 74 online questionnaires survey to collect data. The 50 self-administered questionnaires were distributed among the managers of Thai export firms of various industries through self-network connections by using the snowball sampling method. For the online questionnaires, one thousand online questionnaires were sent out with the cover letter to export firms of various industries that are listed in the Thai export directory. The one thousand firms were selected randomly from the lists. Out of those one thousand questionnaires, 74 of them were filled out or returned. It should also be acknowledged that the low response rate for this survey was normal for majority of mail surveys (McDougall, Cavin, Robinson and Herron, 1994). The industries were randomly selected with no emphasis on any one among them in particular. The author realized that it was important to provide the Thai translation of each distributed questionnaires in order to avoid English translation problem. The characteristics of the export firms that were collected in this study are summarized in Table 1.

Table 3.1 Characteristics of Sampling Firms

Age (years)	Mean = 20.61 (s.d. = 21.55)
Size (number of full time employee)	Mean = 116.32 (s.d. = 472.54)
Export experience (years)	Mean = 16.48 (s.d. = 23.17)
Export percentage	Mean = 62.10 (s.d. = 48.52)
Methods of exporting	
- Export directly 79 (64%)	
-Export through intermediary 45 (36%)	
Industry	Consumer products: 25 (20.16%)
	Electronics: 4 (3.23%)
	Home decorations: 10 (8.06%)
	Foods and beverage: 25 (20.16%)
	Garments: 29 (23.39%)
	Raw material products: 18 (14.52%)
	Jewelry: 5 (4.03%)
	Agriculture products: 8 (6.45%)

3.3 Measures

An important measurement taken in this research is the measure of firms' export performance. In this study, export performance was assessed in terms of subjective measures. This was due to the difficulty suspected in obtaining actual firm performance when surveying firms in the emerging economies like Thailand. The method had been commonly used in the previous research studies (Calantone, Kim, Schmidt and Cavusgil, 2006; Hashai, 2011). As many emerging economy countries that are in transition can be prone to the reliability problem in export performance, as many of the managers in the emerging economy tend to have strong intensive to intentionally misrepresent their actual firm's financial statement to avoid confrontation with the corrupted government officials and criminal cycles due the attention created, the research considered to assessment it (Peng, 2000). Managers within these countries may not be willing to disclose their objective performances that are critical and sensitive information. Therefore, this makes objective measures become difficult to obtain and prone to measurement errors (Rehg, Gundlach and Grigerian, 2012). Previous studied had confirmed high correlations between the subjective and objective measures of firm performance (Brouthers et al., 2009; Dess and Robinson, 1984; Dunning, 2000; Wall et al., 2004). This research follows that recommendation of Day and Nedungadi (1994) and Clark and Montgomery (1999), which is the method of using competitors-performance measurement approach that comprises of eight items, which include sale volume, sales growth, profitability, profit growth, return on investment, customer satisfaction, customer retention, and overall performance. The respondent were asked to evaluate export performance by comparing to their main direct competitor areas. The scale ranges from 1: much worse to 7: much better.

The measurement for social capital in this study was examining how manager at each firm have utilized networks and connections with: Manager at customer firms; Managers at distributor (retailer, wholesaler) firms; Managers at competitor firms. The scale developed by Peng and Luo, (2000) was used in this measurement. Respondent were asked to indicate the extent to which they cultivate networks and connections with the three above areas. The scale ranges from 1: very little to 7: very extensively.

The international learning capability was measured by the scale developed by Hsu and Pereira (2008). The respondents were asked the extent to which firms, in the course of international operations, have gained new knowledge and skills. The three factors of the measure were: social learning, which helps firms to penetrate into the foreign markets, the technological learning, which develops new product designs for overseas markets, and the market learning, which is adapting the products for the local markets. The skill was measured by the scale that ranges from 1: limited to 7: extensive

In addition to the above main variables tend to have hypothesized affect to the export performance, there are several other factors that were included as control variables. These controls variables include resources available for international expansion, firm age, firm export experience, firm size, education of the owner, and whether the company perform the majority of export activities. In this study, resources available for international expansion includes the necessary financial resources to pursue foreign markets, the time top management have to really focus on international opportunities and, expertise to assess foreign market potential, and the regular performing of systematic analysis of foreign market opportunities. The author used the scale developed by Hsu and Pereira, (2008). The scale ranges from 1: strongly disagree to 7: strongly agree.

Firm age was the measurement of number of year since the establishment of firms. Firm export experience was the measure of the number of year firm has been in the export business. Firm size was measured by the number of firm's full-time employees. Education of owner was the level of education firm's owner have achieved, which ranges from 1: lower than bachelors' degree, 2: bachelor's degree, 3: masters' degree, and 4: doctorates' degree. Whether the company performs the majority of export activities was whether the company exports by themselves or use intermediary, which was measured as a dummy variable by which choice was coded as 0: export directly and 1: export through intermediary.

3.4 Statistical Analysis

The research used partial least square (PLS) regression to analyze the data. PLS combines the path analysis, component analysis, and a set of regression to estimate coefficients of the measurement items in the factor loadings and for the model's path (Chin, 1998). The benefit of this method is it allows the measurement of multiple questions to be simultaneously assessed. Also, the reliability of parameter estimations in a structural model with small sample sizes is higher for PLS when comparing to other methods, which is another major advantage of using the PLS model (Chin, 1998). WarpPLS 5.0 program was utilized as a tool in performing PLS analysis for this research.

CHAPTER 4

RESULTS

The validity and reliability tests for all reflective latent variables (export performance, international learning capability, and social capital, resources available for international expansion) were conducted before estimating the structural model. The level of convergent validity, the degree to which two measures of constructs that theoretically should be related are in fact related (Trochim, 2006), was first assessed using factor loading. The analysis found that export performance and social capital had factor loading greatly above .5 (Hair, Black, Babin and Anderson, 2009).

The construct reliability, the degree to which a measure is correlated with other measures that it is theoretically predicted to correlate with (Campell and Fiske, 1959), of all latent variables was evaluated using composite reliability coefficient and Cronbach's alphas (α). The results shows that Cronbach's (α) coefficient of all reflective latent variable is above .7 as Nunnally (1978) recommended. Moreover, the reliability indicators of all construct exceed to minimum requirement. Composite reliability coefficient and Cronbach's (α) coefficient are reported in Table 2.

Table 4.1 Construct Reliability of Indicators

	Export performance	**Managerial ties**	**International learning capability**	**Resources available for international expansion**
Composite reliability	0.945	0.931	0.960	0.948
Cronbach's Alpha (α)	0.933	0.888	0.952	0.918

Next, using the average variance extracted (AVE), the test for discriminant validity, which tests whether concepts or measurements that are supposed to be unrelated are, in fact, unrelated (Campell and Fiske, 1959), was performed. The square root of the AVE of each construct ought to be higher than other correlations that are involved in that construct in order for discriminant validity to be adequate as recommended by Fornell and Larcker (1981). The results were also acceptable. All of latent variables' AVEs and correlation among all variable are reported in Table 3.

Table 4.2 Correlations Among Variables and Discriminant Validity Indicators

	KNO	**EP**	**NWK**	**RE**	**AGE**	**AGNT**	**SIZE**	**EXP**	**EDU**
KNO	(.852)	.671**	.485**	.516**	.212**	.026	.199**	.215**	.141*
EP		(.826)	.486**	.564**	.232**	.04	.115*	.17	.084
NWK		(.904)	.4**	.312**	.112*	.436**	.301**	.274**	(.904)
RE			(.927)	.3**	-.052	.367**	.293**	.144*	
AGE				(1)	.023	.548**	.799**	.093	
AGNT					(1)	.022	.009	-.103	
SIZE						(1)	.641**	.286**	
EXP							(1)	.183*	
EDU								(1)	

Notes: **, * significant level at 1 percent and 5 percent respectively;

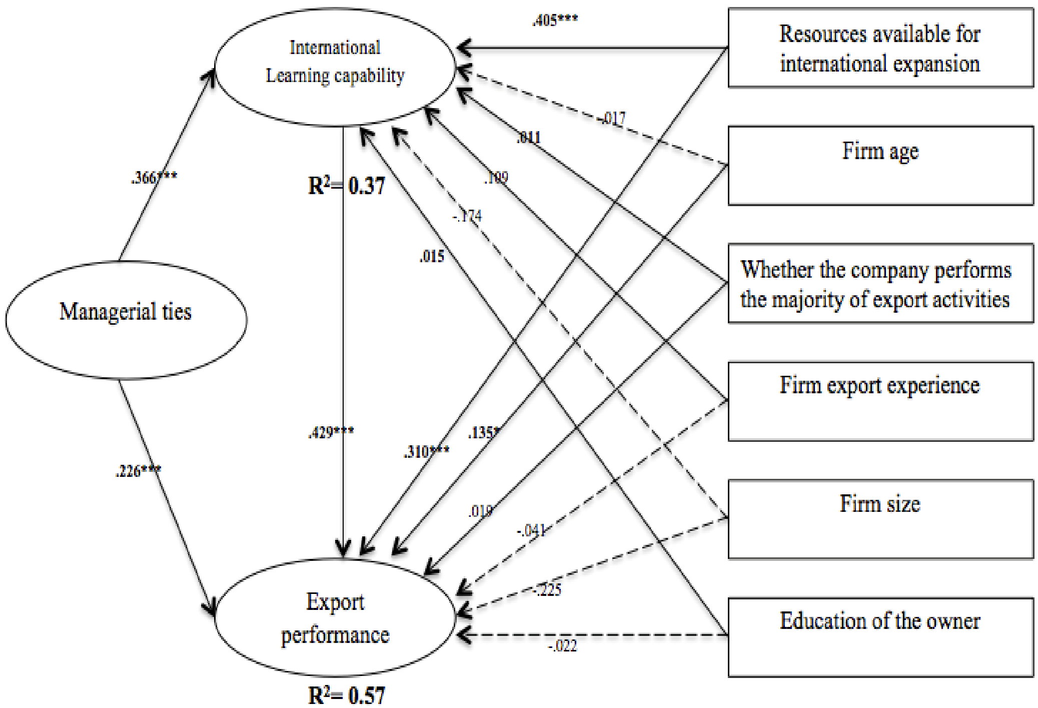
Square root of average variance abstracted are in parentheses;

KNO = international learning capability, EP = export performance, NWK = social capital, RE= resources available for international expansion, AGE = firm age, AGNT= and whether the company perform direct export or export through intermediary, SIZE = firm size, EXP = firm export experience, EDU = education of the owner

Then, the full Variance Inflation Factor (VIF) was performed to the test the presence of multicollinearity. The full VIFs in the model ranged from 1.166 to 3.365 which having only one value of 3.365 of export experience of firms which exceed the critical value of 3.30 as suggested by Petter, Straub and Rai, (2007). Therefore, this value was removed since it is one of the control variables. The full VIF test also serve as a technique that capsulate the common method bias (CMB) in the PLS model (Lindell and Whitney, 2001) as suggested by Kock and Lynn (2012). They suggested that a serious issue can be raised in the CMB if the full value is greater than 3.3. In this study, all of the full VIF values were significantly lower than the critical value expect for one in the control variable as can be seen by the test result which is acceptable.

The results from PLS analysis is reported in Figure 1. A Bootstrapping resampling technique with 100 subsample was used to estimate the coefficients and p-values (Efron, Rogosa and Tibshirani, 2004). WarpPLS 5.0 allows us to keep an option that analyze with purely ranked data, by which prior to the structural equation modeling analysis, all of the data is ranked automatically. Typically, the value distances that typified outliers are greatly reduced when that data is ranked which therefore eliminates outliers effectively without any reduction in sample size (Kock and Lynn, 2012). Therefore, ranked data option was also chosen.

Figure 4.1 PLS Results



Notes: ***, **, * indicate significant level at 0.1 percent, 1 percent, and 5 percent respectively; Standardized coefficients are reported; Solid lines represent significant results.

Hypothesis 1 predicted a positive relationship between managerial ties and export performance. The result shows that the beta coefficient is positive and statistically significant (β= .23; p< .01). Therefore, hypothesis 1 is supported. Hypothesis 2 predicted a positive relationship between international learning capability of firms and export performance. The result shows that the beta coefficient is positively and statically significant (β= .43; p< .01). Therefore, hypothesis 2 is strongly supported. Hypothesis 3 predicted a positive relationship between managerial ties and international learning capability of firms. The results show that the beta coefficient is positive and statistically significant (β= .37; p< .01). Therefore, hypothesis 3 is strongly supported. Hypothesis 4 predicted that international learning capability mediated the positive relationship between managerial ties and export performance of firms. In order to test the mediating effect, the Sobel test (Baron and Kenny, 1986) was performed. The result from Sobel test supports the mediating effect of international learning capability (Sobel t=2.208; p=.027). Thus, hypothesis 4 is supported. The results of all hypothesis testing are summarized in Table 4.

Table 4.3 Summary of Hypothesis Testing

Hypotheses	Paths	Supported
H1	Managerial tie → Export performance	Yes
H2	International learning capability → Export performance	Yes
H3	Managerial tie →International learning capability	Yes
H4	Managerial tie → Learning → Export performance	Yes

For the contribution of control variables, the results show that export performance were positively associated with resources available for international expansion (β=.31; p<.01), firm age (β=.13; p=.05), and whether the company perform the majority of export activities (β=.02; p=.35). Also, they show that international learning capability were positively associated with resources available for international expansion (β=.41; p<.001), whether the company perform the majority of export activities (β=.01.; p=.44), firm export experience (β=.11; p=.21), and education of the owner (β=.02; p=.44); On the other hand, export performance were negatively associated with firm export experience (β=-.04; p=.35), firm size (β=-.22; p<.01), education of the owner (β=-.02; p=.35).Only the coefficients of resources available for international expansion and firm size are statistically significant. Also, international learning capability were negatively associated with firm age (β=-.02; p<.44) and firm size (β=-.22; p<.06).

CHAPTER 5

DISCUSSION

5.1 General Discussion

The objective of this research is to investigate the relationship between managerial ties, international learning capability, and export performance. The overall results support all hypotheses. Regarding the contribution of managerial ties on export performance of Thai firms, the study found that Thai firms that cultivate social connection with managers at customers', suppliers' and competitors' firms perform better than those firms that do not. The results suggest that social capital of firms could be an essential factor that helped Thai firms performed effectively in the export market. In addition, regarding the contribution of international learning capability of firms on export performance, the study found that Thai firms with higher international learning capability perform better by their higher export performance than firms with the lower international learning capability. The results suggest that international learning capability of firms could be another essential factor that helped Thai firms performed effectively in the export market.

Regarding the role of managerial ties and international learning capability of firms on the degree to which firms received managerial supports; statistical evidence reveals the strong interconnected among these factors. First, firms with stronger managerial ties reported that they have strong international learning capability. The result that indicates the association between these two factors implies that firms may need to emphasize social capital in order for them to enhance international learning capability of firms. The result from the mediating effect analysis also supports the managerial ties and indirectly benefit export performance through international learning capability. This means that the international learning capability that firms develop from cultivating managerial ties can help them achieve better export performance. This finding is consistence with prior research, which suggested that managerial ties are an important facilitator in which firms can overcome the lack of resources in gathering the knowledge and information necessary to leverage international activities and to recognize international opportunities (McDougall et al., 1994; Chetty and Campbell-Hunt, 2004; Coviello, 2006; Dhanaraj and Prashantham, 2010; McDougall et al., 1994; Ojala, 2008; Sullivan Mort and Weerawardena, 2006). Firms can gain access to knowledge and information bases generated by partners and which may substitute for the lack of their experiential knowledge (Saarenketo, Puumalainen, Kuivalainen and Kylaheiko, 2004). In addition, networks offer managers unveil sources for new and timely knowledge and information (Borgatti and Cross, 2003; Luo, 2003), which could be its products or firms' specific. On the present basis that new knowledge and information is more convenient to use when compares to existing knowledge, firms can exploit a better and more timely understanding about process, operations, and the activities and tasks demanded by suppliers and customers to provide better services and products to them (McAuley, 1993; Lu, 2010).

Despite the significant findings above, there are other research limitations that might also be considered. First, the causality is difficult to be concluded because the results were obtained from cross-sectional data. Therefore, the results were only interpreted in terms of the associations among the factors under investigation. Second, the data were collected from a small sample of Thai export firms which may not represent the whole population of Thai export firms. Thus, the generalizability of the results can be limited with the sampling issue. Third, the subjective measure of export performance is susceptible to measurement bias even though it is commonly used in research. Furthermore, although the issue with CMB is not detected in the data analysis, we cannot completely rule out that the problem is non-existence. Fifth, there may be other control variables that could effect the outcome of variables were not included in the analysis. Sixth, as sample members are not selected from a sampling frame, snowball samples are subject to numerous biases. For example, people who have more friends are more likely to be recruited into the sample, which also makes it difficult to make inferences about the population based on samples obtained (Andale, 2015).

5.2 Research Contributions and Policy Implications

This research provides extra contribution to literature on the determinants of export performance in emerging economies (Aaby, 1989; Bilkey 1978; Cavusgil and Kirpalani 1993; Cavusgil and Nevin, 1981; Conconi et al., 2014; Madsen, 1987; Moini, 1995; Reid, 1983; Zou and Stan, 1998). Results from this study gives extra evidence to existing literature by showing that social connections or managerial ties are crucial for international performance of firms in Thailand (Ainuddin et al., 2007; Bonner et al., 2005; Ellis, 2010; Luo, 2003; Ma et al., 2009; Newbert, 2007). This finding is consistent with previous research that found supporting evidence regarding the role of social capital in emerging economies as a main facilitator that provides firms in developing a source of competencies for firms in the export market (Acquaah, 2007; Bonner et al., 2005; Heslam, 2009; Lages et al., 2009; Luo, 2003; Walter et al., 2006). The author of this research provides extra evidence regarding the role of managerial ties as a factor that can explain the ability of firms to acquire resources such as international learning capability and new knowledge, which consequently benefits their export performance (Brouthers et al., 2009; Tsai and Wang, 2012; Johanson and Vahlne, 1977; Kogut and Singh, 1988; Kostova and Roth, 2002; Roger et al., 2002).

Overall, the findings in this study falls in line with the social capital theory and RBV of firms (Barney, 1991, 2007; Chrisholm and Nielsen, 2009; Davidsson and Honig, 2003; Locket et al., 2009; Tzanakis, 2013). The results falls in line with the prediction that when a firm operates in a country with developing market-supporting institutions where market-supporting institutions are not well-developed, it may need to take advantage of social network as a mechanism to facilitate in achieving critical resources from the institutional environment or other business partners (Ellis, 2010; Federico et al., 2009; Hadley and Wilson, 2003). Since managers are one of the dominant resource providers in those countries, firms in emerging economies that lack internal resources to support their businesses must heavily rely on this kind of social capital as a way to help them to overcome their weaknesses by enhancing their international learning capability (Crosby et al., 1990). This evidence indicate that competitiveness of firms in Thailand may not be the complete reflection of their market-based strengths, but it is the ability of firms to cultivate social connections through informal means which also taken an essential part in their performance determination (Roxas and Chadee 2011).

The significant effect of some control variables can offer additional insight to help entrepreneurs enhance international knowledge and improve export performance. For example, education positively and significantly relate to learning capability. Therefore, some training should be provided to entrepreneur in order to help them enhance the knowledge required for international business. Firm experience in the export business positively and significantly relate to the international learning capability as firms gained more experience in the export business, they tend to increase their international learning capability as well (Cavusgil and Knight, 2004). Further, the firms that perform majority of export by themselves or through agents show positive associations on their international learning capability and export performance. Hence, by having the agent at an early stage of exporting could benefit firms in learning about their business through the use of intermediary. Also, as firms become more mature in their age they tend to increase their export performance. However, aged firms do not increase in their learning. The firms that carry resources that are available for international expansion show strong positive and significant associations to their international learning capability and export performance. Therefore, firms that wish to perform well in the international markets should put emphasis on financial and manpower necessary for the operation. For example, the company may promote someone who has the necessary skill set and time to perform a specific job to be head of the department or the manager.

Despite the evidence of the positive effect of social capital or managerial ties and international learning capability of firms unveil in Thailand context (Kittikunchotiwut, 2015; Theingi, 2007; Siriluck Apiratpinyo and Thanan Suwannapisit, 2010), the study does not intend to indicate that these factors are the main sources of competitive edge of firms in the country. Perhaps, the benefits that firms received from these factors may only be short terms and not sustainable. For the long tem benefits, as institutional environment in the country with fully developed, those firms that only rely on social capital or managerial ties may begin to depreciates as they do not attain core competencies which are essential for the sustainable competitive advantage (Newman, 2000; Kostova and Roth, 2002).

CHAPTER 6

CONCLUSION

In the general context of management favors, overall, the results on the importance of managerial ties and their relationship on export performance can be delineated as widely supportive of the theoretical claims. The study highlights the important role played by social capital in superseding the need and enriching or augmenting the export knowledge of Thai firms in the sample. In the view of social capital, the author argues that managerial ties with managers of customers', suppliers', and competitors' firms are valuable as a conduit for the flow of knowledge and knowledge acquisition from external sources. The inimitability of export knowledge and social capital provides potential strategic assets for the firms. However, firms must develop the international learning capability suggested by the valuable, rare, inimitable, non-substitute properties of RBV, in the form of managerial orientation, to benefit their export by various forms that create value for the firm. Moreover, the author found that ties are a source of international learning capability. With managerial ties, firms could gain new knowledge and ideas from external actors that would allow them to exploit their export knowledge effectively.

In conclusion, a more thorough understanding of the relationship among managerial ties, international learning capability, and export performance will not only assist practitioners enhance their efficiency as they sail through the unpredictable course of economic transitions, but also enriching on the management strategy and favors in terms of literature for the Thai economy.

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APPENDICES

APPENDIX A

MEASURMENT OF MAIN CONSTRUCTS

<u>Resources available for international expansion</u> (Hsu and Pereira, 2008)

Indicate how characteristic each of the following statements is in describing your company

(1=strongly disagree, 7=strongly agree):

- We have the necessary financial resources to pursue foreign markets
- Our top management does not have the time to really focus on international opportunities (reversed)
- Our current staff has the necessary expertise to assess foreign market potential
- We regularly perform systematic analysis of foreign market opportunities

<u>Managerial ties</u> (Peng and Luo, 2000)

(1="very little" and 7="very extensively")

Managers at our firm have utilized networks and connections with:

- Managers at customer firms.
- Managers at distributor(retailer, wholesaler) firms.
- Managers at competitor firms.

<u>Export performance</u> (Matandaand Freeman, 2009)

For each statement, please mark the number that indicates the level of satisfaction with export performance over past three year, ranging from 1: Very dissatisfied to 7: Very satisfied.

- Export sales growth
- Export profit margin
- Export market shares
- Overall export performance

<u>International Learning capability</u> (Hsu and Pereira, 2008)

Please indicate the extent to which your company, in the course of your international operations, has gained new knowledge/new skills

(1 = limited knowledge or skills, 7 = extensive knowledge and skills):

Social learning

- In penetrating new foreign markets
- In identifying foreign buyers
- In gaining confidence in managing different country risks

Technological learning

- In developing new product designs for overseas Markets
- In improving product development, process (manufacturing) improvements
- In identifying emerging technologies

Market learning

- In adapting products for local markets
- In targeting multiple market segments in a foreign country
- In managing foreign partners (distributors and licensees)

APPENDIX B

FACTOR LOADINGS OF MAIN CONSTRUCTS

Constructs	**Factor loading**
Export performance	
Export sales volume	0.766
Export sales growth	0.858
Profitability	0.808
Profit growth	0.893
Return on investment	0.898
Customer satisfaction	0.77
Customer retention	0.829
Overall export performance	0.774
Managerial ties	
Managers at customer firms.	0.907
Managers at distributor (retailer, wholesaler) firms.	0.943
Managers at competitor firms.	0.861
International learning capability	
Social learning	
• In penetrating new foreign markets	0.794
• In identifying foreign buyers	0.788
• In gaining confidence in managing different country risks	0.827
Technological learning	
• In developing new product designs for overseas Markets	0.881
• In improving product development, process (manufacturing) improvements	0.89

Constructs	Factor loading
• In identifying emerging technologies	0.901
Market learning	
• In adapting products for local markets	0.895
• In targeting multiple market segments in a foreign country	0.833
• In managing foreign partners (distributors and licensees)	0.849
Resources available for international expansion	
• We have the necessary financial resources to pursue foreign markets	0.941
• Our top management does not have the time to really focus on international opportunities (reversed)	0.945
• Our current staff has the necessary expertise to assess foreign market potential	0.896

BIOGRAPHY

NAME	Nithi Plangsriskul
ACADEMIC BACKGROUND	Bachelor's Degree with a major in Materials Engineering (B.S.) from California Polytechnic State University, California, U.S.A. in 2012
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