
The interplay between firm resources and government agency social capital on Thai firms' satisfaction with export performance

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Abstract: The objective of this research was to investigate the contributions of resources available for international expansion, product advantage, and government agency social capital to Thai firms' satisfaction with their export performance. The sampling frame used for this study included Thai firms listed in the directory of the *Thai Exporter*. Data were obtained using a self-administered questionnaire (total n = 124). The findings from partial least squares regression analysis showed that firms that have more resources available for international expansion, product advantage, and government agency social capital tended to demonstrate a higher level of satisfaction with their export performance. However, the moderating effect analysis found further that government agency social capital's positive contribution to satisfaction with export performance tended to be more crucial for firms that had few resources available for international expansion and for those that had less product advantage.

Keywords: export; firm resources; social capital; government supports; Thailand.

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1 Introduction

Exportation is regarded as the mode of internationalisation for firms based in developing economies, because it requires the commitment of fewer resources and involves lower risk compared to other modes of internationalisation. However, the rapid pace of

globalisation has made export competition more intense over the past decade. Today, firms compete not only with competitors from their home country, but also are faced inevitably with those from emerging economies that offer similar products at lower costs. To achieve satisfactory performance despite this fierce global competition, it is important that firms are equipped with critical resources and capabilities and are able to develop unique products that allow them to outperform their competitors.

Theoretically, the contribution of a firm's internal resources and capabilities to their business performance can be explained by the resource-based view (RBV) of firms, which is a dominant theory in research in this area (Bianchi and Wickramasekera, 2016; Boermans and Roelfsema, 2013; Katsikeas et al., 1996). Prior studies have used this theory extensively to examine why firms that possess superior resources and capabilities outperform their competitors (Galati et al., 2014; Rodríguez et al., 2015; Schweizer, 2014). However, scholars also argue that for firms operating in emerging economies where the institutional framework is not developed well, the firm's internal resources and capabilities may not be the primary factors that guarantee superior business performance (Peng et al., 2008). In particular, the relational and institutional-based views (IBV) of firm competitiveness have pointed out the roles social capital that firms cultivate with government sectors in their home country play is another key factor that can allow them to build competitive strength, both in their local market and in international markets (Peng and Luo, 2000; Stam et al., 2014). The RBV emphasises the role of social relationships that firms build with key sectors in the industry (e.g., suppliers, government agencies) that help them gain access to key resources (e.g., information, capital) through an actor's network of relationships (Nahapiet and Ghoshal, 1998). This perspective is the basis of social capital theory, which suggests that the quality of social relationships that a firm builds with various sectors can determine its performance in the market (Gedajlovic et al., 2013; Stam et al., 2014). On the other hand, the IBV suggests that a firm's business decisions depend on various economic, social, cultural, and political forces relevant institutions, such as state and local governments, exert (Nahapiet and Ghoshal, 1998; Qi, 2013). The IBV also emphasises the role of government support in helping firms alleviate natural market failures, secure critical resources, and leverage their economic and political positions against competitors (DiMaggio and Powell, 1983; Ju et al., 2014). This perspective is the basis of institutional theory, which posits that firms' performance also can depend on their ability to gain access to resources and support the government provides (DiMaggio and Powell, 1983). Based on these two theories' perspectives, firms that do not possess, or are unable to develop, their own competitive strength can compensate for this weakness by developing social connections with public officials in various government sectors that allow them to obtain easily the government support and assistance required to compete in the market (Charoensukmongkol, 2016; Peng et al., 2008).

Previous research has shown that, although the roles of firms' internal resources and government support were found to be key determinants of firms in emerging economies' business performance (Michael et al., 2016; Su et al., 2016), empirical evidence of the interaction between firms' internal resources and government agency social capital on their international performance is still lacking. Moreover, there has been little examination of the conditions under which firms in emerging economies tend to rely more on government social connections to support their businesses. Therefore, the objective of this research was to fill this gap. Accordingly, the study addressed three

research questions. First, it explored two aspects of the contribution of a firm's internal resources and competency:

- 1 resources available for international expansion
- 2 product advantage, as determinants of firm export performance.

These two characteristics were selected because prior research has shown that they were important factors that explain international firm performance strongly (Hsu and Pereira, 2008; Schweizer, 2014). Specifically, firm resources are crucial, as they can be deployed to support export activities (Papanikolaou et al., 2018). This is particularly important for firms in emerging economies, which tend to lack sufficient resources to support international expansion (Boermans and Roelfsema, 2013; Hsu and Pereira, 2008). On the other hand, research also has shown that having product advantage allows firms to provide customers with products superior those of their competitors (Dhanaraj and Beamish, 2003; Papanikolaou et al., 2018). This is particularly important in emerging economies, where the level of product sophistication overall appears to be lower than that in developed economies (Rajneesh, 2018); thus, firms with a superior level of product sophistication tend to have a greater likelihood of performing better in export markets (Galati et al., 2014; Morone et al., 2013). Second, this study analysed the role government agency social capital firms cultivate plays as another factor that also might explain export performance in an emerging economy. Third, this research examined whether government agency social capital moderates the contribution of resources available for international expansion and product advantage in export performance. The purpose of this objective was to demonstrate whether firms that are unable to develop internal resources and capabilities tend to rely more on government connections as a strategy to help them achieve competitive strength.

Results from this research will provide additional contributions to prior research on the interplay between firms' internal resources and government agency social capital that, together, might determine the performance of export firms from emerging economies. The findings also will provide additional insight about institutional capital's role as a source of these firms' competitiveness, which tends to differ from that of firms in advanced economies that rely more heavily on internal resources as a source of competitiveness.

2 Literature review

2.1 The effects of firm resources and capabilities on export performance

Firms' RBV is a dominant theory that has been used widely to understand the sources of firms' sustainable competitive advantage, particularly in the area of export (Galati et al., 2014; Rodríguez et al., 2015; Schweizer, 2014; Tanchaitranon and Charoensukmongkol, 2016). RBV emphasises the role of critical resources that firms possess and capabilities they develop as major factors that they can use to formulate and implement competitive strategies that allow them to maximise performance outcomes (Rivard et al., 2006). In the international business literature, RBV also has been used to explain why firms that have superior resources and capabilities can achieve better export performance than can others (Alegre et al., 2012; Dhanaraj and Beamish, 2003). According to Barney (1991), critical

resources must demonstrate that they are valuable, rare, inimitable, and non-substitutable. *Valuable* indicates that the resources help firms establish a value-creating strategy to outperform their competitors or address their weaknesses; *rare* indicates that competitors cannot obtain those resources easily; *inimitable* indicates that competitors cannot duplicate the resources perfectly, and *non-substitutable* indicates that the competitors cannot counter the firm's resources with their own substitute (Nason and Wiklund, 2018). The combination of the critical resources firms possess allows them to build capabilities that enhance their competitive ability (Sirmon et al., 2007). Research has provided empirical evidence that supports the contributions of critical resources and capabilities (Alegre et al., 2012; Jalali et al., 2013; Shou et al., 2014). While prior studies have identified various aspects of resources that are important to firms' general competitive advantage (Bhagavatula et al., 2010; Dhanaraj and Beamish, 2003; Hitt et al., 2006), this study focused on two major components that will allow firms to compete effectively in export markets:

- 1 resources available for international expansion
- 2 product advantage.

2.1.1 Resources available for international expansion

First, as Hsu and Pereira (2008) conceptualised, resources available for international expansion are not limited to financial resources; they also encompass broadly the amount of time and effort that top management invests to support international expansion, as well as the staff expertise needed to assess foreign market potential. The literature on internationalisation has emphasised the roles of firm resources that are essential for international expansion (Bianchi and Wickramasekera, 2016; Boermans and Roelfsema, 2013; Katsikeas et al., 1996). For example, the classic Uppsala model of internationalisation considers resource commitment a factor that determines firms' decisions to expand to a new foreign market (Johanson and Vahlne, 1990). Generally, adequate resources are necessary for firms to obtain satisfactory international performance because of the competitive nature of the global market in which firms are faced inevitably with a new business environment that differs from their local market (Hitt et al., 2006; Katsikeas et al., 1996). In this respect, possessing adequate resources buffers firms from the risks and uncertainties that they encounter in foreign markets (Schweizer, 2014; Tanchaitranon and Charoensukmongkol, 2016). Moreover, firms with resources available for international expansion are able to adapt to changing market conditions more quickly and effectively (Boermans and Roelfsema, 2013).

2.1.2 Product advantage

The second aspect of firm resources and capability that is crucial for them to compete effectively in the international market is product advantage (Alvaro and Ravi, 2017; Rajneesh, 2018). This refers to firms' ability to develop an innovative product that is both high quality and unique (Hsu and Pereira, 2008). Product advantage is regarded as a firm's competitive attributes that are associated with marketing differentiation (Galati et al., 2014; Morone et al., 2013). Particularly in highly competitive global markets, it is crucial for firms to develop a high quality and unique product that can satisfy the demands and expectations of foreign customers who are more sophisticated than are local

customers (Rodríguez et al., 2015). Hsu and Pereira (2008, p.192) also suggested that having product advantage can help firms "...overcome the challenges of unfamiliarity with foreign markets and a lack of knowledge about foreign cultures and environments." Therefore, firms that can differentiate their products from those of their competitors successfully are able to build their market position in foreign countries more easily (Cavusgil and Zou, 1994). Moreover, research has shown that having superior products can help firms expand their market to the global scale (Hsu and Pereira, 2008), thereby allowing them to increase profitability and obtain more satisfactory performance in their export activities (Dezi et al., 2009).

Considering the importance of resources available for international expansion and product advantage that can help firms achieve satisfactory export performance, the following hypotheses are presented:

- H1 There is a positive relation between resources available for international expansion and satisfaction with export performance.
- H2 There is a positive relation between product advantage and satisfaction with export performance.

2.2 The roles government agency social capital play in export performance

Nahapiet and Ghoshal (1998, p.243) defined social capital as the "...sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by individuals or social units." According to Qi (2013, pp.309-310), "social capital involves personal connections between individuals in their formation and maintenance of long-term relationships which follow implicit social norms which seem to be purely local in their sense." Entrepreneurship research has incorporated social capital to explain its significant role in helping firms achieve better performance (Gedajlovic et al., 2013; Qi, 2013; Stam et al., 2014). In fact, this literature suggests that entrepreneurial activity is embedded largely in network relationships that direct resource flows to those entrepreneurs with better social connections (Aldrich and Zimmer, 1986). In particular, social capital provides access to resources and operates through personal relationships rather than formal structures (Qi, 2013). In this respect, any social capital that entrepreneurs cultivate allows them to identify opportunities, mobilise resources, and build their firms' legitimacy (Bhagavatula et al., 2010).

Although firms cultivate several sources of social capital that help them achieve better performance, this research focused specifically on the role of government agency social capital, which is a personal relationship that firms cultivate with government sectors. In many emerging economies, particularly Thailand, the government normally controls key legislation and policies that can affect local firms' operations (Li et al., 2014; Peng et al., 2008). In addition, the government tends to play an important role in providing local firms and foreign-invested firms with resources and assistance to help them export and compete in foreign markets actively (Gao et al., 2010). Government support can be provided to exporters in the forms of beneficial trade policies, and technical and financial support (Leonidou et al., 2011; Su et al., 2016). Thus, it is common for firms operating in emerging economies to develop relationships with government officials and legislators who have the power to grant resources and support

that are necessary for them to compete in the market (Charoensukmongkol, 2016; Peng and Luo, 2000).

H3 There is a positive relation between government agency social capital and satisfaction with export performance.

Given the government's crucial roles that can determine firms in emerging economies' performance (Charoensukmongkol, 2016; Li et al., 2014), this research proposed further that the role of government agency social capital that firms cultivate tends to be even more crucial for firms that lack resources available for international expansion, as well as for those that lack product advantage. Theoretically, the IBV, which emphasises the interplay between institutions and organisations, as well as the associated institutionalisation that occurs in particular societal contexts, can explain the fact that government agency social capital's contributions moderate the association between firm resources and performance (DiMaggio and Powell, 1983; Ju et al., 2014). The IBV suggests that institutional environments in which firms operate (such as the quality of the legal framework and government support) shape their behaviours and performance in the country significantly (Peng et al., 2008). One aspect of institutional environments that affects firms in emerging economies is government support (Li et al., 2014; Peng, 2003). The government's role in this respect is to provide firms with resources necessary to support their operation (Wright et al., 2005). Research also has suggested that firms' performance in some emerging economies tended to depend on the amount of support they receive from government institutions to alleviate their resource and managerial problems (Young et al., 2014). In particular, the IBV has been used as a powerful theoretical framework that should be considered in conjunction with the RBV to explain firms' behaviour and performance in emerging economies (Gao et al., 2010; Peng et al., 2008), where government agency social capital's role is compensating for the lack of competitive strength required to be successful in the export market.

Firms that are unable to develop the core competencies necessary to build their competitive advantage must rely more heavily on government agency social capital to help them develop competitive strength (Shou et al., 2014). Charoensukmongkol (2016) study, which found that the degree to which firms in Thailand receive government support depends strongly on the extent to which they have developed a political network with government officials, supported the importance of firms forming personal relationships with government officials. This moderating role of government agencies' social capital, which can make the role of firm resources and capabilities less relevant for business outcomes, also is consistent with the results of prior research. For example, Su et al. (2016) found that the positive relation between Chinese firms' knowledge creation capability and performance was moderated negatively by the degree of government support they received. Michael et al. (2016) also demonstrated that government support moderated the relation between firm resources and export intention.

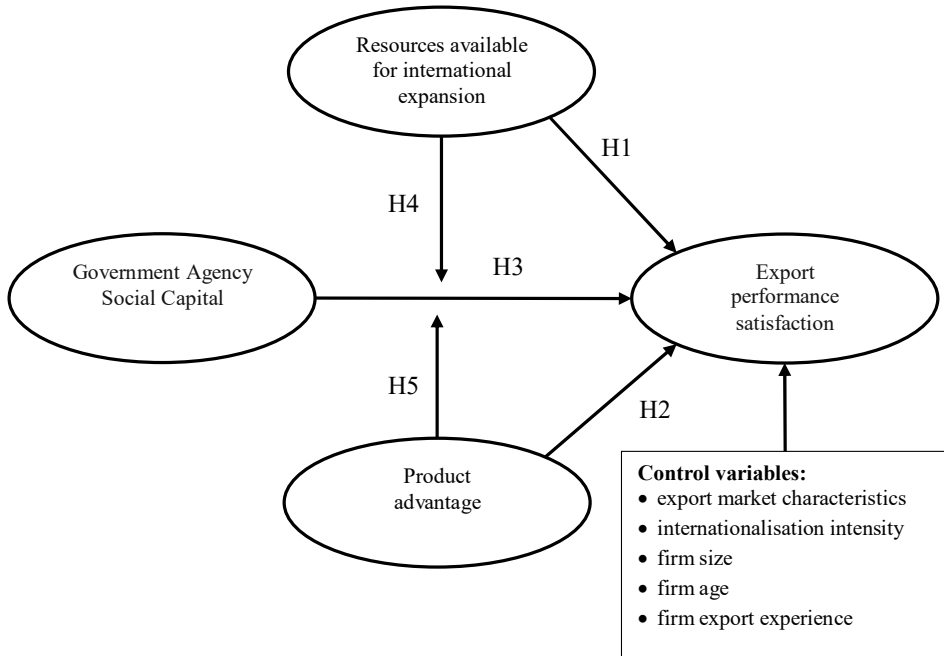
On the other hand, it also can be predicted that firms that are equipped well with competitive resources and capability already are less likely to depend on government connections to support their businesses because they can use their own internal resources and competencies to achieve a competitive advantage in the market (Rodríguez et al., 2015). Although government support still matters for these firms, it is not as crucial as it is for those that do not have adequate resources and capabilities (Shou et al., 2014).

Given all prior evidence of the moderating roles of government agency social capital, the following hypotheses are presented:

- H4 The positive relation between government agency social capital and *satisfaction with export performance* will be weaker for firms that possess a high degree of resources available for international expansion.
- H5 The positive relation between government agency social capital and satisfaction with export performance will be less positive for firms that possess a high degree of product advantage.

Figure 1 shows the conceptual model that summarises all of the hypotheses.

Figure 1 Conceptual model



3 Methods

3.1 Sample and data collection

To test the hypotheses, this research collected data from exporters in Thailand, a country that provides a suitable context to study the effects of firm resources and government social capital on export performance for several seasons. In particular, Thailand is an export-oriented economy, in which exports account for approximately 65% of the GDP (Thailand Board of Investment, 2016), and manufactured goods are one of the country’s main exports. Given exportations’ significance to the Thai economy, one particular challenge that Thai exporters face is developing value-added products to respond to the

increasingly fierce global business competition (Wonglimpiyarat, 2016). In fact, creating value in product development has been considered a major element of the national policy the Thai government wants firms to emphasise to enhance their export capabilities (Natsuda et al., 2012). However, one particular obstacle that prevents Thai firms from achieving this objective is their lack of resources and expertise to support value creation and international expansion (Amornkitvikai and Harvie, 2016). Therefore, the Thai government needs to provide assistance to its firms to develop these competencies, such as financial loans and developmental programs, and matching potential foreign buyers with local producers (Natsuda et al., 2012; Wonglimpiyarat, 2016). Nevertheless, a recent study showed that government support may not be distributed fairly to Thai firms, in part because of the influence of the political connections and bribery that help some firms receive more favourable treatment from the government sector than do others (Charoensukmongkol, 2016). Generally, Thailand tends to adopt a patronage system in which social relationships play an influential role in determining the extent to which resources are allocated in the society (Nuttavuthisit et al., 2015). Therefore, it is common for some Thai firms that lack competitive strength to forge good connections with government officials to obtain favourable treatment to support their businesses. Overall, these characteristics make Thailand a suitable context in which to study the interplay between firm resources and social relationships in determining firm performance.

The sampling frame used for this study included Thai firms that are listed in the directory of *Thai Exporter*, and one thousand firms were selected from the directory randomly. A self-administered questionnaire was used to collect the data. The questionnaires were mailed to each company’s owner, together with a cover letter that explained the purposes of the study and asked them to participate in it. The cover letter also informed them that the information they provided would remain confidential. Ultimately, a total of 124 complete surveys were returned to the researcher for a 12.4% response rate. The characteristics of the sample firms are reported in Table 1.

Table 1 Characteristics of sample firms

<i>Variables</i>	<i>Descriptive statistics</i>
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
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%) Jewellery: 5 (4.03%) Agriculture products: 8 (6.45%)

3.2 Measures

Satisfaction with export performance was measured using a subjective assessment of performance, a method that has been used widely in previous studies (Calantone et al., 2006; Hashai, 2011). Peng (2000) indicated that measuring firms' export performance in emerging economies can be prone to a reliability problem, because the respondents tend to have a strong incentive to exaggerate their firms' financial performance to avoid unwanted attention from corrupt government officials. Thus, firms may be unwilling to reveal objective performance figures – which are considered sensitive information – thereby making objective measures more difficult to obtain and/or susceptible to measurement errors (Rehg et al., 2012). However, scholars have argued that satisfaction with export operations can be regarded as a strong indication of export success (Altıntaş et al., 2007). Therefore, this research used the measure of satisfaction with export performance that Matanda and Freeman (2009) developed, which is comprised of four items. Respondents were asked to evaluate their level of satisfaction with their firm's performance compared to their main direct competitor. The scale ranged from 1 (very dissatisfied) to 7 (very satisfied).

Resources available for international expansion and *product advantage* were measured with the scale that Hsu and Pereira (2008) developed. Resources available for international expansion includes four items measured on a scale that ranges from 1 (strongly disagree) to 7 (strongly agree). The scale for product advantage includes three items, with responses ranging from 1 (strongly disagree) to 7 (strongly agree).

Government agency social capital was measured with Peng and Luo (2000) scale, which consists of three questions, and ranges from 1 (very little) to 7 (very extensively).

This research also considered control variables that can explain export performance – export market characteristics, internationalisation intensity, and firm size, age, and export experience. *Export market characteristics* were measured using the scale that Cavusgil and Zou (1994) developed, which comprises six items. *Firm size* was measured by the number of full-time employees reported. *Firm age* was measured by the number of years since a firm was established, and *firm export experience* was measured by the number of years that a firm had been involved in exportation.

3.3 Statistical analysis

Partial least squares-structural equation modelling (PLS-SEM) was used to analyse the data. PLS-SEM is a factor-based SEM that accounts fully for the measurement errors in a model's factors (Kock, 2015). PLS-SEM generally is non-parametric, and builds largely on techniques that make no distributional assumptions (Chin, 1998). Compared to other structural equation modelling (SEM) techniques, partial least square (PLS) regression's principal benefit is that it does not require data to be distributed normally and supports a smaller sample size for the analysis (Hair et al., 2011). In particular, PLS was appropriate in this research, given that the sample size was relatively small (N = 124). The analysis was performed using WarpPLS 5.0.

Table 2 Correlation among variables and square root of AVE

Variables	Composite reliability coefficients	Cronbach's alpha coefficients	EPS	GSC	RAIE	PA	EMC	INT	SIZE	AGE	EXP
EPS	.95	.94	(.84)	.313**	.597**	.539**	.517**	.22*	-.092	.185*	.181*
GSC	.939	.902		(.915)	.245**	.137	.159	-.026	.009	-.078	-.115
RAIE	.849	.757			(.773)	.502**	.579**	.438**	.006	.28**	.327**
PA	.932	.891				(.906)	.587**	.206*	-.106	-.03	-.006
EMC	.91	.881					(.792)	.431**	-.066	.016	.078
INT	.904	.839						(.872)	.139	.16	.299**
SIZE	n/a	n/a							(1)	.085	.08
AGE	n/a	n/a								(1)	.706**
EXP	n/a	n/a									(1)

Notes: ** $p < .01$; * $p < .05$.

Square roots of average variance extracted of latent variables are shown in parentheses.

EPS = export performance satisfaction, GSC = government agency social capital, RAIE = resources available for international expansion, PA = product advantage, EMC = export market characteristics, INT = internationalisation intensity, SIZE = firm size, AGE = firm age, EXP = firm export experience.

4 Results

4.1 Construct reliability and validity

The reliability and validity of all multi-item constructs were tested before the PLS model was estimated. Construct reliability was evaluated using Cronbach's alpha and composite reliability coefficients. As shown in Table 2, the coefficients exceeded the minimum requirement of 0.70 (Nunnally, 1978). Convergent validity was determined using factor loading. All constructs, except for export market characteristics, had factor loadings greater than 0.50 (Hair et al., 2009). One item of export market characteristics that had a factor loading less than 0.50 was removed. Next, a discriminant validity test was performed by comparing the square root of the average variance extracted (AVE) of the construct to other correlations involving that construct. The results, as presented in Table 2, showed that the square root of the AVE was greater than the other correlations, suggesting that discriminant validity was satisfied (Fornell and Larcker, 1981).

4.2 Multicollinearity and common method bias

Next, the full collinearity variance inflation factor (VIF) test was performed to assess any multicollinearity issues in the model. This test is more robust than is the traditional VIF test because it assesses vertical and lateral collinearity simultaneously. The analysis showed that the full collinearity VIF of all were below the minimum requirement of 3.30 that Petter et al. (2007) recommended. Finally, common method bias (CMB) was estimated using Harman's single factor test, as Podsakoff et al. (2003) recommended. The findings indicated that the one-factor confirmatory factor analysis model did not fit the data very well ($\chi^2_{744} = 5,514.13, p < 0.001$). Therefore, this finding alleviated any concern about CMB in the analysis.

4.3 Normality test

The normality test was conducted using the Jarque-Bera test (Jarque and Bera, 1980) to assess whether the data were distributed normally. The result showed that not all variables in the model were distributed normally. Considering this characteristic of the data, PLS was the most appropriate estimation method for this research (Hair et al., 2011).

4.4 Hypotheses tests

Results from the hypotheses tests are reported in Table 3. Model 1 presents only the effects of the control variables. Model 2 presents the main effects of the variables proposed in the hypotheses without the interaction terms. Hypothesis 1 predicts a positive relation between resources available for international expansion and satisfaction with export performance, and the findings showed that they were related positively and significantly ($\beta = 0.30, p < 0.001$), therefore supporting Hypothesis 1. Hypothesis 2 predicts a positive relation between product advantage and satisfaction with export performance. The findings showed that they were related positively and significantly ($\beta = 0.27, p < 0.001$). Thus, Hypothesis 2 was supported as well. Hypothesis 3 predicts a

positive relation between government agency social capital and satisfaction with export performance. The findings showed that they also were associated positively and significantly ($\beta = 0.19, p = 0.004$). Thus, Hypothesis 3 was supported. Hypothesis 4 predicts that the positive relation between government agency social capital and satisfaction with export performance will be weaker for firms that possess significant resources available for international expansion. As model 3 shows, the results indicated that the interaction term between government agency social capital and resources available for international expansion was negative and statistically significant ($\beta = -0.23, p < 0.001$). Thus, Hypothesis 4 was supported. Hypothesis 5 predicts that the positive relation between government agency social capital and satisfaction with export performance will be weaker for firms that possess a strong degree of product advantage. As model 4 demonstrates, the results showed that the interaction term between government agency social capital and product advantage was negative and statistically significant ($\beta = -0.25, p < 0.001$). Thus, Hypothesis 5 was supported as well. Lastly, the two interaction terms were included in the model estimation. As model 6 shows, the results remained consistent with those of the prior models, although the associations were not as strong. Resources available for international expansion moderated the positive relation between satisfaction with export performance and both government agency social capital ($\beta = -0.13, p = 0.04$) and product advantage ($\beta = -0.18, p = 0.006$) negatively.

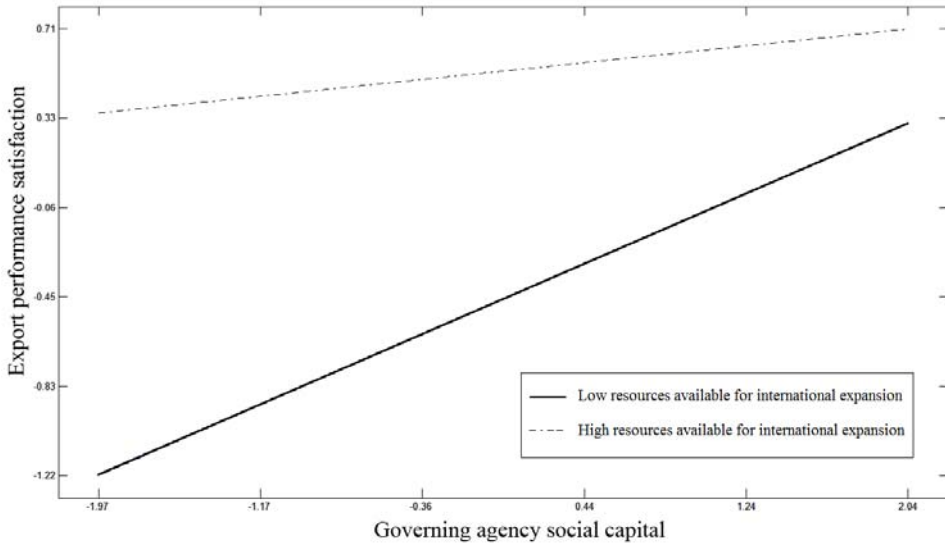
Table 3 Results from PLS regression

	<i>Dependent variable: Export performance satisfaction</i>				
	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Main independent variables					
Resources available for international expansion	n/a	.273***	.287***	.273***	.274***
Product advantage	n/a	.298***	.262***	.298***	.285***
Government agency social capital	n/a	.188**	.22***	.22***	.229***
Resources available for international expansion × government agency social capital	n/a	n/a	-.233***	n/a	-.128*
Product advantage × government agency social capital	n/a	n/a	n/a	-.254***	-.181**
Control variables					
Export market characteristics	.520***	.169**	.249***	.218***	.248***
Internationalisation intensity	-.033	-.055	-.059	-.041	-.048
Firm size	-.07	-.06	-.055	-.061	-.058
Firm age	.154*	.108	.161*	.195**	.2**
Firm export experience	.047	.038	-.01	-.025	-.034
R-square	.305	.493	.538	.548	.558
Δ R-square	n/a	.188	.233	.243	.253
Adjusted R-square	.275	.453	.502	.512	.519

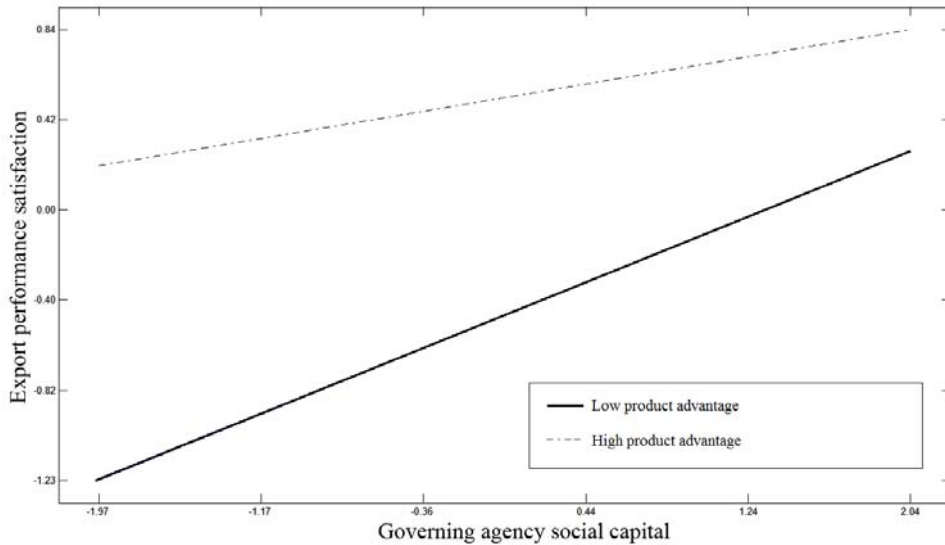
Notes: * $p < .1$; ** $p < .05$; *** $p < .01$.

Standardised coefficients are reported.

Figure 2 Moderating effects



(a)



(b)

Figure 2 presents the regression lines from the moderating effect analysis, and the results were consistent with the results from the hypotheses tests. For firms that had fewer resources available for international expansion and a lower degree of product advantage, the upward slope of the regression line between government agency social capital and satisfaction with export performance was steeper than was the regression line of firms that exhibited a greater level of resources available for international expansion and a higher level of product advantage. Note that, despite the difference in government agency

social capital's influence on satisfaction with export performance between these two groups of firms, the role of government agency social capital was still positive for both, although not to the same degree.

5 Discussion and conclusions

The objective of this research was to investigate the contributions of resources available for international expansion, product advantage, and government agency social capital that were hypothesised to explain Thai firms' satisfaction with export performance. The findings from the PLS analysis showed that firms that had more resources available for international expansion, product advantage, and government agency social capital tended to demonstrate greater satisfaction with their export performance. Theoretically, the findings about the roles of resources available for international expansion and product advantage that explained business performance satisfaction of the sample firms significantly are consistent with RBV, which emphasises the role of internal resources and capabilities that are crucial for firms to compete effectively in the international market (Hitt et al., 2006; Hsu and Pereira, 2008). In particular, firms that had adequate resources to support export operations and were able to develop a competitive product, were equipped with a competitive advantage that allowed them to achieve satisfactory export performance. These findings are consistent with research that has shown that firm resources and product uniqueness are among the major challenges exporters in Thailand face (Wonglimpiyarat, 2016). Moreover, the results that demonstrated government agency social capital's significant contribution to satisfaction with export performance is congruent with the social capital theory (Bhagavatula et al., 2010; Gedajlovic et al., 2013; Stam et al., 2014). This finding also is consistent with that of prior studies that have demonstrated that firms in emerging economies' ability to cultivate government agency social capital tended to be correlated positively with their performance (Charoensukmongkol, 2016; Li et al., 2014).

In addition to the results from the main effect analysis, the moderating effect analysis found further that government agency social capital's positive contribution to satisfaction with export performance was significantly lower for firms that possessed more resources available for international expansion and for those that had a greater product advantage. These findings suggest that the role of government social capital that allowed them to maintain satisfactory export performance was a crucial factor for firms that did not have adequate resources to support their export activities and for those that were unable to develop competitive products for export markets. For these disadvantaged firms, the more government agency social capital they cultivated, the greater their satisfaction with their export performance. Conversely, for firms that had more resources available for international expansion and for those that possessed a greater product advantage, the role of government agency social capital tended to be less crucial in determining their satisfaction with export performance. As mentioned earlier, because this group of firms could depend on their internal resources and capabilities as the source of their competitive strength, it might be less important for them to cultivate social relationships with government officials to help achieve satisfactory export performance.

As a theoretical contribution, the findings of the interplay between firm resources and government connections provide additional insight into certain conditions that lead firms

in emerging economies to rely less on government support. Although the roles of firm resources and government social connections are important in helping firms in Thailand produce satisfactory performance, this research showed that these factors tend to complement each other. In particular, this finding is consistent with prior research on the IBV of competitiveness, which showed that firms that are unable to develop core competencies and market-based advantage may need to rely more heavily on government support to help them compensate for their lack of internal resources required to achieve satisfactory performance (Michael et al., 2016; Su et al., 2016). The results from this research make an additional contribution to previous studies that have pinpointed government social capital's role in firms' performance in emerging economies. Generally, most studies in this area were conducted using firms from China (Li et al., 2014; Peng et al., 2008; Shou et al., 2014), which limits our insight into government social capital's effect in other emerging economies. Thus, the results from this research, which provided consistent evidence in the context of Thai firms, provide additional support of the importance of government social capital in the Thai business context. Moreover, this research added value to prior studies by presenting certain conditions that attenuated government social capital's effect, in that the results showed that, although the contribution of government social capital is important for Thai firms' satisfaction with their performance, its influence was less important when firms were able to rely on their internal resources to support international expansion. Thus, it can be concluded that the social relationships that firms cultivate to acquire government social capital may not be a necessary condition for them to achieve satisfactory performance as long as they are equipped already with adequate resources to support their competitive strength.

The results from this study provide implications for export firms in emerging economies that attempt to compete effectively in the international market. Given that competition tends to be very intense in export markets, it is important for firms to develop unique competencies that allow them to strengthen their competitive position vis-à-vis other competitors. To achieve satisfactory export performance, it is essential for the firms' top management to ensure that they have acquired and dedicated sufficient resources with respect to time, efforts, and capital to support their export operations. Equally important, it is necessary for them to support new product development and innovation actively and develop unique products continuously that can outperform those products their competitors offer. Given that some firms may still lack adequate resources to build their own competitiveness, it is necessary for the government to provide them with assistance to build the competencies required to sustain their international operations. For example, the government will need to provide support to firms with respect to technical knowledge, information, and training to help them obtain sufficient knowledge and skills required for product innovation and development, which is crucial for them to compete effectively in international markets. The government also must offer financial assistance to firms that experience difficulties in accessing finances by providing a credit guarantee scheme for business loans to support their international operations and alleviate their financial constraints. Although some firms have an advantage in cultivating social relationships with government officials to receive special export assistance, this research argues that such relationships may not be a source of sustainable competitive advantage for firms. Therefore, it is the government's role to help every local firm develop fundamental strengths and market competencies actively and fairly so that they can rely on their own competitive advantage. Given that exportation is considered an indicator of a country's economic development, it is crucial for the

government to help local firms develop sufficient competencies to build their competitive position in international markets. Helping these firms will advance the country's economy overall, and therefore provide the government with lasting benefits.

Despite its contributions, this study had some limitations. First, because it used cross-sectional data, interpretation of the findings can be made only in terms of association, which does not prove causation. Second, data were collected from a small sample of exporters located in Bangkok, which can limit the ability to generalise the findings. Third, export performance was measured subjectively as satisfaction. Fourth, certain other factors that affect Thai firms' export performance were not included in the analysis. Fifth, the measure of government agency social capital did not capture details about the benefits that firms obtain from them. Each of these concerns should be addressed in future research.

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Appendix

Measurement scales

Export performance (Matanda and Freeman, 2009)

For each statement, please mark the number that indicates the level of satisfaction with export performance over past three year (1 = very dissatisfied, 7 = very satisfied):

- export sales growth
- export profit margin
- export market shares
- overall export performance.

Resources available for international expansion (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.

Product advantage (Hsu and Pereira, 2008)

Indicate how characteristic each of the following statements is in describing your product (1 = strongly disagree, 7 = strongly agree):

- quality of our product compared well with competitor products
- our product was of higher quality than competing products
- quality of our current product compares well with others we have developed in the past.

Governing agency social capital (Peng and Luo, 2000)

Managers at our firm have utilised networks and connections with (1 = very little, 7 = very extensively):

- political leader in various levels of the government
- officials in industrial bureaus
- officials in regulatory and supporting organisations, such as tax bureaus, state banks, commercial administration bureaus, etc.

Export market characteristics (Cavusgil and Zou, 1994; Hsu and Pereira, 2008)

Please evaluate the country that you specified above based on the following aspects:

- demand potential in that export market (1 = limited and 7 = extensive)
- cultural similarity of that export market to home market (1 = dissimilar, 7 = similar)
- sophistication of marketing infrastructure in that export market (1 = not well-developed, 7 = highly developed)
- competitive intensity in that export market (1 = not competitive and 7 = very competitive)
- degree of product exposure in that export market (1 = limited, 7 = extensive)
- degree of product familiarity of export customer in that export market (1 = unfamiliar and 7 = familiar)
- extent of legal and regulatory barriers in that export market (1 = none and 7 = extensive).

Internationalisation (Hsu and Pereira, 2008)

Please indicates the approximate percentage of: (1 = less than 10%, 2 = 11%–20%, 3 = 21%–30%, 4 = 31%–40%, 5 = 41%–50%, 6 = 51%–60%, 7 = greater than 60%):

- foreign sales as percentage of total sales
- foreign profit as percentage of total profit
- foreign assets as percentage of total assets.