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Article

Social capital configuration and the contingent value of the cross-national diversity: A multi-group analysis

Ignacio Castro*, Francisco J. Acedo, Araceli Picón-Berjoyo

Facultad de Ciencias Económicas y Empresariales, Departamento de Administración de Empresas y Comercialización e Investigación de Mercados (Marketing), Universidad de Sevilla, Avda. San Francisco Javier, 1, 41018 Sevilla, Spain

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A B S T R A C T

The present paper attempts take an in-depth look into the configuration of social capital as a multi-dimensional construct, and unlike other studies, the dimensions are interrelated, and all of this in a global inter-organizational context. This work also analyses the influence of the cross-national diversity of corporate governance on the configuration of social capital. A variance-based structural equation modelling (partial least squares) and the multi-group analysis have been applied to a sample consisting of 225 global contractors. The findings lead us to argue that the different dimensions of social capital configuration do not act independently, but they exert a certain effect among themselves, and also affect the international market share of the company. Furthermore, the way each company configures the dimensions of social capital dimensions will depend on the company's corporate governance style.

La Configuración del Capital Social y el valor contingente de la diversidad transnacional: un análisis multi-grupo

Palabras clave:
Diversidad transnacional de gobierno corporativo
Dimensiones del capital social
Cuota de mercado internacional
Redes sociales

R E S U M E N

Este trabajo trata de profundizar en la configuración el capital social como un constructo multidimensional, donde a diferencia de estudios previos sus dimensiones están inter-relacionadas, y todo esto en un contexto de relaciones inter-organizativas globales. Además, este trabajo analiza la influencia de la diversidad transnacional del gobierno corporativo en la configuración del capital social. Un modelo de ecuaciones estructurales basado en la varianza y un análisis de multi-grupos ha sido aplicado a una muestra conformada por 225 constructores globales. Los resultados nos permiten afirmar que las diferentes dimensiones de la configuración del capital social se inter-relacionan incidiendo unas sobre otras lo cual afecta a la cuota de mercado internacional de la empresa. Además, la manera en que la empresa configura las dimensiones del capital social va a depender del estilo de gobierno corporativo.

Introduction

In recent years, an increasing interest in the study of international strategic alliances (hereafter, ISAs) and other cooperation mechanisms in the field of international business has been observed (Nair, Hanvanich, & Tamer Cavusgil, 2007). Accordingly, most studies have looked at the benefits brought by capital to the inter-organizational networks in which the companies are embedded (Koka & Prescott, 2002; Tsai & Ghoshal, 1998), although the majority of these analyses have handled this concept implicitly (Ahuja, 2000a). Despite this, some authors agree (Adler & Kwon, 2002) that social capital should be recognized as a critical factor in organizational success. Hence, from a social network approach, focal firms build and develop their social capital among their already existing alliance partners through the formation of additional alliances (Walker, Kogut, & Shan, 1997). Regarding the

* Corresponding author.
E-mail address: icastro@us.es (I. Castro).

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social capital configuration, some researchers (Koka & Prescott, 2002; Wassmer, 2010) argue that is a complex concept comprising multiple dimensions which refer to the result of the effect of various aspects linked to the network architecture and the access to the network resources (Ahuja, Soda, & Zaheer, 2012). Moreover, these configuration processes are likely to take different forms and to have different levels depending on several contingent factors (Ramström, 2008). These could be the diversity of corporate governance styles (Aguilera & Jackson, 2003). Therefore, the configuration of the social capital remains a puzzle.

Another important issue analyzed in the literature has been how certain dimensions of the social capital influence international performance. In accordance with this, the literature shows that there are several possible indicators that reflect the ISAs' success. One of the most relevant for the international activity of multinational companies (hereafter, MNCs) is the international market share (Kauser & Shaw, 2004). Some researchers have studied the influence of social networks in achieving international growth focusing on the structural dimension of SMEs (Coviello & Munro, 1997; Johanson & Mattsson, 1988; Zhou, Wu, & Luo, 2007). Dussauge, Garrette, and Mitchell (2004) analyzed at a dyadic level the incidence of certain types of alliances (link versus scale) on the international market share. Nonetheless, the analysis of the social capital configuration-international market share relationship of MNCs to implement a holistic approach has until now received little attention.

Accordingly, MNCs do not suffer from both the liability of newness and the liability of smallness (Kiss & Danis, 2008), but they require to access and mobilize other types of resources as reputation, legitimacy and knowledge. All in all, in order to improve our understanding of the social capital configuration it is necessary to examine two central questions: firstly, which dimensions conform the social capital and how they are interrelated; and, secondly, how certain contingent factors affect the configuration of the social capital (Aguilera & Jackson, 2003; Koka & Prescott, 2002). By doing so, the objective of this study is twofold. First we aim to fill the existing gap in the analysis of ISAs and to make an empirical contribution to the literature by going deeper into the conceptualization and measurement of the dimensions of social capital and analyzing the direct relationships between these dimensions in a specific empirical context – in particular, an interorganizational network in the global contractors industry. Second, our aim is to study how cross-national diversity affect the configuration of the social capital (Aguilera & Jackson, 2003; Koka & Prescott, 2002). To achieve the objectives proposed this paper is organized as follows. We begin with a review of the literature on social capital in order to identify and measure each of the dimensions that make up the construct, as well as its impact on the international competitive position of firms. Our research means to explicitly measure the dimensions of social capital by proposing a direct relationships model based on the data from 225 international contractors (MNCs). We apply a variance-based structural equation modelling (Partial Least Squares) (Henseler, Ringle, & Sinkovics, 2009) to test the measurement model (outer model) and the structural model (inner model). The importance of the findings is that they provide an alternative explanation for the divergent results obtained by different social capital configuration about international performance. To answer the second aim, we carried out a multi-group analysis, segmenting Aguilera and Jackson (2003) typology.

Conceptual model and hypotheses

International performance and dimensions of the social capital

There are many approaches about the concept of international performance. One of the many proposals made is the international market share. Market share reflects the firm's competitive position and is a non-financial performance indicator that is commonly accepted both in general strategy (Combs, Yasin, & Lisboa, 2007) and in international business (Depperu & Cerrato, 2005). Guler and Guillén (2010) have recently shown how domestic (local) networks affect international expansion, by highlighting the existence of a growing body of evidence, documenting the influence of social networks on a firm's strategy and performance (Dussauge et al., 2004). However, there has been little or no studies about to how these networks affect established firms and their performance in international markets.

Social capital is the network of relationships which bring value to the actors forming the network by allowing them access to the resources embedded in that network (Adler & Kwon, 2002; Florin, Lubatkin, & Schulze, 2003). However, as aforementioned, social capital configuration is a complex concept comprising multiple dimensions which refers to the result of the effect of various aspects linked to the network architecture (Ahuja et al., 2012; Koka & Prescott, 2002). The architecture of any network can be conceptualized in terms of three primitives (Ahuja et al., 2012) – the nodes that comprise the network, the ties that connect the nodes, and the patterns or structure that result from these connections (see Fig. 1). Network architectures can therefore be associated with the number, identity, and characteristics of nodes; the location, content, or strength of ties; and the pattern of interconnections or ties among nodes. These concepts are closely linked to capital social's dimensions. In light of the above, we conceptualize social capital as the structural characteristics of the network (structural dimension), the components of the alliance such as trust (relational dimension), the features of partner firms as such technological and cultural diversity (partner dimension) and the network resourcefulness (resource dimension) (Rivera-Santos & Inkpen, 2009).

Linking structural and relational dimensions

The structural dimension of social capital attempts to include all the interactions that exist between the different nodes that form a network. In general, network density is rarely uniform throughout a network. Coleman (1988) posed that the greater the cohesion within the network in which the firm is situated and the more central its position in the network, the greater the potential benefits that a firm can gain (Ahuja, 2000b; Cowan & Jonard, 2006; Houghton, Smith, & Hood, 2009); whilst Burt (1992) suggested that firms occupying favourable brokering or entrepreneurial positions within a network can secure important advantages by exploiting their privileged relationships with isolated colleagues (Houghton et al., 2009; Sapsed, Grantham, & DeFillippi, 2007; Shipilov, 2006).

Although some authors consider these two views as being independent, it makes sense to view them as being linked and inversely related (Koka & Prescott, 2008). Drawing on the relevant research into the MNCs' interfirm networks from international industries which support Coleman's position (Ahuja, 2000a; Lorenzoni & Baden-Fuller, 1995), in this work we are going to focus on centrality. A centrally-located firm is generally considered to be well positioned in a network (Burt, 1992; Coleman, 1988; Inkpen & Tsang, 2005), as this position mainly implies two benefits. Firstly, central firms are predicted to have significant access benefits because they possess direct and indirect ties with multiple firms and many of their partner firms are prominent in the network. Access arguments view network ties as conduits providing timely knowledge, and resources (Batjargal, 2003). Secondly, a central firm can achieve affiliation benefits (Coleman, 1988). Finally, network centrality provides a signalling mechanism of legitimacy and reputation (Podolny, 2001). These theoretical considerations about the central network position enhances firm international performance have, in general, been confirmed by empirical findings (Ahuja, 2000a; Baum & Ingram, 2002; Gnyawali & Madhavan, 2001; Hoffmann, 2007).