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A mediation model between dimensions of social capital

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ABSTRACT

Our paper contributes to the growing research by examining the interrelations between the dimensions of capital and their effects on the international market share of multinational companies in the global contractors industry. Previous works on social capital have failed to study the interrelationships between its dimensions or have proposed models with direct relationships. The current study proposes a multiple mediating model and tests the mediation. In particular, we posit that the relational and resource dimensions play a mediating role in the structural dimension-international market share relationship. A variance-based structural equation modeling (Partial Least Squares) has been applied to a sample made up of 225 global contractors. Our analysis lends support to the importance of the central positions of a firm and their influence on international market share. Moreover, mediation hypotheses posit how the relational and resource dimensions play a critical mediating role in the structural dimension – international market share relationship. Analysis of the data suggest that the dimensions of social capital are interrelated in such a way that the relational and resource dimensions: (a) fully mediate the effect of centrality (structural dimension) on the international share market and (b) exert significant influence on the international market share of each company.

1. Introduction

In recent years, increasing interest in the study of international strategic alliances (ISAs) and other cooperation mechanisms in the field of international business has been observed. However, some questions have yet to be studied in depth, from among which, we focus on the strategic management of social capital in value creation (Lavie, 2007; Sarkar, Echambadi, Cavusgil, & Aulakh, 2001; Sarkar, Aulakh, & Madhok, 2009; Wasserman & Faust, 1994; Wassmer, 2010) and, in particular, on the role played by social capital in generating this value (Jiang, Tao, & Santoro, 2010). Most studies have examined the benefits of social capital for inter-organizational networks in which the companies are embedded (Koka & Prescott, 2002; Tsai & Ghoshal, 1998). Other works have not even explicitly used the term "social capital". Accordingly, Powell, Koput, & Smith-Doerr (1996) noted that the locus of innovation is within the networks of strategic alliances. Peng and Luo (2000) analyzed how managerial ties with different types of actors impact on the firm. Ahuja (2000a) studied the impact that direct ties, indirect ties and structural holes have on innovation. Shan, Walker, and Kogut (1994) analyzed how the number of cooperative relationships has a positive effect on innovative output. Finally, Madhavan, Koka, and Prescott (1998) centered on changes in the structure of the strategic alliance network, centrality and centralization (Madhavan et al., 1998).

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Other research does explicitly employ the concept of social capital, but does not conduct an in-depth analysis of its different dimensions and how these interrelate between each other. Accordingly, Pennings, Lee, and Arjen van Witteloostuijn (1998) studied how social capital and human capital affected organizational survival. Ahuja (2000b) conceptualized social capital as prior degree centrality. Park and Luo (2001) analyzed 'guanxi' as a mechanism to exploit and accumulate social capital. Yli-Renko, Autio, and Sapienza (2001) and Yli-Renko, Autio, and Tontti (2002) analyzed how different aspects of social capital (principally structural: social interaction, relationship quality, and network ties) impact on the acquisition of knowledge and on international growth. Batjargal (2003) individually analyzed how different aspects of social capital from networks of entrepreneurs affected the performance of firms. Acquaah (2007) analyzed social capital embodied in the development of managerial social networks and ties with external entities. Presutti, Boari, and Fratocchi (2007) analyzed how different dimensions of social capital impacted in an independent way on knowledge acquisition and, as a consequence of this, on international growth. Luk et al. (2008) compared social capital to the guanxi of government officials and to the guanxi of other managers. Finally, Mu, Love, and Peng (2008) referred to social capital as resources, knowledge, and capability accessed in a social network and Malik (2012) referred to it as volume, diversity and wealth of information. Our paper seeks to fill a gap in the literature by taking a deeper look at the conceptualization and mediation of the different dimensions of social capital social and by analyzing the interrelations between those dimensions. In this way, we can better understand the influence of social capital on the international performance of firms and how these gains depend on the strategic configuration of the dimensions of social capital (Wu, 2008).

The literature has defined social capital as the network of relationships which adds value to the actors forming the network, by allowing them access to the network-embedded resources (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998). The three key elements of this definition are: the set of ties; the characteristics of these ties (trust); and the resources that other organizations or nodes possess in the network. Along these same lines, Koka and Prescott (2002: p. 795) affirmed that "social capital is exciting and a particularly apposite construct to study interfirm networks". Thus, Ahuja, Soda, and Zaheer (2012) considered that the architecture of any interfirm network can be conceptualized on the basis of three elements, which are: the nodes that constitute the network, the ties that connect the nodes, and the pattern or structure that results from these connections. Finally, various authors (Koka & Prescott, 2002; Nahapiet & Ghoshal, 1998; Wu, 2008) conceive of social capital as a multidimensional concept. Therefore, the above-mentioned essential elements are covered in our research through our definition of social capital as the structural characteristics of the network (structural dimension), the components of the alliance such as trust (relational dimension) (Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998) and the features of partner firms such as partner resources (resource dimension) (Batjargal, 2003; Rivera-Santos & Inkpen, 2009). Once the social capital is defined, a further question is how it has been analyzed. Accordingly, Koka and Prescott checked the convergent and discriminant validity of the social capital construct, but they did not study the interrelationships between its dimensions. Tsai and Ghoshal (1998), on the other hand, proposed a model of social capital with direct relationships in an intra-organizational context. There is, therefore, an open area in which to examine the existing relationships between the dimensions of social capital in a global interorganizational context. The present study proposes a multiple mediating model and tests the mediation hypotheses using bootstrapping methods (Hayes, Preacher, & Myers, 2011). In particular, we posit that the relational and resource dimensions play a mediating role in the relationship between structural dimension/international market share. This analysis leads us to a better understanding of the internal functioning of social capital and helps us to reveal its strategic configuration. This is important because managers must not only take account of individual dimensions but how one dimension affects the others dimensions. In this sense, the optimal decisions of the focal action in the choice of partners and in the development of network structure and relational patterns is likely to result in stronger partner relationships (Sarkar et al., 2009). Likewise, the relational governance of the strategic alliances of the focal actor will facilitate access and mobilization of the valuable resources of the alters (Sarkar et al., 2009). Thus, what inhibits a firm more than anything else from establishing cooperative agreements is opportunism, in other words, the fear that partners will unscrupulously protect their own self-interest. Such problems concerning safeguards are aggravated when partners have to make exchange-specific investments and the actors involved have an unequal or unbalanced endowment of resources (Rindfleisch & Heide, 1997). These risks may be minimized through the relational dimension, where innovation may be developed beyond the limits of contractual clauses, resources may be mobilized, and fine-grained tacit and explicit knowledge may be shared to a greater extent (Sarkar et al., 2009), even though both formal and informal safeguards constitute appropriate mechanisms. Along these same lines, Walker, Kogut, and Shan (1997) contend that firms that do not manage the relational dimension of social capital well are more vulnerable to opportunistic behavior and less able to build an enduring history of effective cooperative behavior with their partners over time. Thus, these firms will spend a lot of time and energy on controlling the relation instead of looking for synergies and complementarities. In conclusion, the analysis that we propose will give us a much better understanding of the composition of social capital which will assist managers with its management and the benefits that may be gained from it.

Finally, some studies have used alliance social capital in international contexts (Gulati, Lavie, & Singh, 2009; Malik, 2012; Wu, 2008). Specifically, Zhou, Wu, and Luo (2007) pointed out that outward internationalization requires the development of alliances with foreign business to learn about new technologies and the needs of international markets, as well as about the gains related to the scale and scope of economies achieved by revenue growth in the geographic extension of markets. We analyzed the proposed model in the global contractors industry, an empirical context in which the phenomenon of co-opetition (or cooperative competition), in order to improve the international market share, is very relevant. Accordingly, some researchers have studied the influence of social networks in achieving international performance focusing on the SMEs'