

The moderating effect of social capital and cosmopolitanism on marketing capabilities

A comparison of Chinese and Korean companies

Moderating
effect of social
capital

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Abstract

Purpose – The aim of this study was to examine the role of top management’s social capital – focusing on specific components of social capital – in shaping a company’s marketing capabilities. In addition, the study was designed to determine the extent to which cosmopolitanism as a top management’s characteristic serves as a moderator that allows top management’s social capital to influence corporate marketing capabilities.

Design/methodology/approach – This study’s sample comprised small- and medium-sized companies in Korea and China. After excluding insincere responses, 636 questionnaires (329 from Koreans, 307 from Chinese) were used for the analysis. A mediated hierarchical regression analysis was performed to verify the hypothesis.

Findings – This study proposed the hypothesis that top management’s social capital would have positive effects on corporate marketing capabilities: pricing strategies, product development, distribution strategies and marketing communications. While managerial tie utilization and solidarity were revealed to have positive effects on corporate marketing capabilities, trust did not show statistically significant effects.

Research limitations/implications – This study is subject to several limitations. First, it has not fully addressed various foundational concepts or factors that comprise or facilitate the building of social capital. In addition to trust and the sharing of core values and knowledge among organizational members, there may be other factors involved, so systematic studies should be conducted using a model that can review the roles of various explanatory variables that constitute social capital.

Practical implications – This study’s empirical results contribute valuable data to the literature, as it was based on a survey conducted with actual Korean and Chinese top managers. In addition, the study’s findings are likely to suggest a valuable direction for evaluating corporate marketing strategies and business performance. The study identified powerful effects of top management’s social capital on corporate marketing strategies. Therefore, greater investments should be made to build the top management’s social capital, so that the corporate capacity for marketing strategies will be able to produce maximum effects.

Social implications – The results of this study suggest the following additional points. A company with a high level of cosmopolitan orientation may have excellent strategies for competing on overseas markets. Companies targeting global markets should leverage accumulated top management’s social capital to discover overseas business opportunities and acquire knowledge of overseas markets. When the corporate executives of companies that attempt to make inroads into overseas markets have such a cosmopolitan orientation and actively seek and seize overseas market opportunities, they are more



likely to avoid path dependency, following domestic business activities and become successful in those global markets.

Originality/value – The present study segmented social capital into sub-factors, thereby identifying their relationships with the behavioral outputs of corporate executives, such as business practice processes, marketing capabilities and business performance. Based on the findings of this study, top management's social capital should enable companies to consolidate corporate business practice capabilities and, eventually, to be seen as closely associated with business performance and the essential qualities and characteristics of top managers.

Keywords Top management, Marketing capability, Trust, Social capital, Cosmopolitanism, Managerial tie utilization, Solidarity

Paper type Research paper

Introduction

In a changing global business environment, companies must adopt innovative strategies to succeed. Increasingly, this involves intangible assets, including knowledge, brand equity, organizational culture, visions and mission statements, corporate values, technical skills, core capabilities, client relations and social relations as sources of corporate competitiveness. This interest in intangible assets has also focused attention on the role of corporate executives in shaping both corporate and marketing strategy and bringing value to a company. The marketing strategy literature has shifted its focus accordingly, but in a way that builds on decades of scholarly work. For example, [Hambrick and Mason \(1984\)](#) initiated a tradition of studies on top managers with their introduction of the upper echelon theory. Since then, many studies on top managers' characteristics have been conducted based on the assumption that successful corporate executives have special characteristics. [Wally and Baum \(1994\)](#) reported that the background, characteristics, capabilities, motivation and business strategies of a top management enable him or her, directly or indirectly, to affect a company's business performance.

In reality, a company's performance involves a number of difficult problems even if it has performed market and business feasibility analyses. It is important that a company should learn to actively utilize not only internal resources but also external resources, including of course external sources of capital – physical capital, financial capital and human capital. Another form of capital has emerged as a focus of analysis, namely, social capital. Social capital, which can be an external resource for top managers, has come to be regarded as an important tool for management that has implications for corporate and marketing strategy. This study was therefore designed to examine the role of top management's social capital – focusing on specific components of social capital – in shaping a company's marketing capabilities. Companies from both countries were selected from members of the Small and Medium Business Association. Chinese companies located in three major economic regions were selected because they were considered to be experienced and advanced in their measurement of intangibles. This is the best way to increase the representativeness of the sample. The wide diversity of firms makes it possible to enhance the generalizability or boundary conditions of the link between top management's social capital and their marketing capabilities. In addition, the study was designed to determine the extent to which cosmopolitanism as a top manager's characteristic serves as a moderator that allows top management's social capital to influence corporate marketing capabilities.

Literature and theoretical background

Social capital

The Organization for Economic Co-operation and Development (OECD) defines social capital as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (OECD, 2001, p. 41). A person’s social capital comprises the relationships he or she has with other people through which to pursue his or her interests. Social capital theory has developed with a focus on the dimensions of trust, rules and norms that dominate social behaviors, social interactions and the characteristics of network resources and networks. As a result, studies on social capital have been conducted in several fields including economics and political science (Coleman, 1988; Collier, 1998; Woolcock, 1998; Leana & Van Buren, 1999; Putnam, 1993; Fukuyama, 2001; Burt, 1997). One study on social capital emphasized that social structures or networks of human relations play an important role in explaining social phenomena (Coleman, 1988).

Putnam (1993) explained that individual relationships formed for a long period of time eventually create collective trust and norms, and cause the active participation of individuals in social activities. Consequently, these relationships comprise social capital. Initially, trust, norms and networks were defined as the three elements of social capital, but the emphasis in social capital shifted toward networks and reciprocal norms. Later, only networks were defined as social capital in the strictest and clearest sense (Schuller *et al.*, 2000). This study measured the top management’s social capital using three factors – managerial tie utilization, trust and solidarity – based on the findings of existing studies.

Managerial tie utilization

Zweigenhaft and Domhoff (1991) reported that those who have graduated from one of France’s Grandes Ecoles, colleges in France’s most prestigious higher education system, have an advantage in forming social networks by having the country’s leaders as their alumni, including numerous leaders in political, media and economic circles. These people can use these alumni relations effectively not only for fellowship, but also when they reach top managerial positions requiring personal connections with high-ranking individuals.

The top management’s social capital can be defined as the sum of their external personal connections in the institutional environment. Researchers such as Belliveau *et al.* (1996) and Useem, and Karabel (1986) mentioned the benefit that those who have graduated from prestigious universities can enjoy in social networks, arguing that it is part of social capital. In addition, Collins (1975) demonstrated that among top managers, the educational background of graduates from prestigious universities such as Oxford and Cambridge provide them with a foundation for building strong inter-organizational connections in carrying out corporate activities. In recent years, based on the resource dependence theory (Pfeffer and Salancik, 1978), according to which organizations are open systems and the success or failure of an organization depends on its ability to attract valuable external resources, social networks owned by corporate executives have drawn attention as a new characteristic that may be related to success. The social networks of corporate executives can give them access to financial or strategic resources (Acquaah, 2007), and help them obtain high-level information on products, markets and technologies (Burt, 1992) and acquire knowledge (Dyer and Singh, 1998). Consequently,

top managers' external relationships in the form of social capital may have positive impacts on companies.

Trust

Coleman (1990) suggested that trust is a major factor in social capital because when trust is formed, relevant performers can cooperate with each other and can also reduce supervision and control costs. Cooke and Rousseau (1988) defined trust as the psychological state formed by people's intention to endure vulnerabilities based on positive expectations about the intentions or behaviors of other people. They reported that trust enables the sharing of knowledge or information and smooth communications, and acts as a foundation for participation in various activities. Unless trust is established in relationships among organizational members or contractual relations among companies, information cannot be delivered smoothly and costs can be incurred due to opportunism. In addition, negotiation costs can be required to resolve these problems, and losses can occur due to ethical risks or reverse selection.

On the other hand, trust promotes mutual cooperation and generates efforts beyond the level that is officially required to achieve the common goals of groups or organizations, thereby enabling spontaneous collaboration (Knez and Camerer, 1994; Kramer *et al.*, 1996; Nahapiet and Ghoshal, 1998). In particular, top managers play a decisive role in establishing an organization's vision, goals and strategies. Moreover, a high level of trust in an organization's top managers increases willpower and support (Mayer and Davis, 1999) as well as the degree of intention to act according to management's words and instructions in the face of uncertainty and risks. In this regard, trust in corporate executives may be important (Schweiger and De Nisi, 1991; Albrecht, 2002).

Solidarity

Solidarity refers to a temporary and explicit pledge of relational continuity between exchange parties (Dwyer *et al.*, 1987). Anderson *et al.* (1989) mentioned that long-term orientation in a relationship is solidarity. They pointed out that mutual solidarity consequently enables independent channel members to better support customer needs and work together to increase mutual benefits. Solidarity in continuous relationships can induce the desire for stable relationships, spontaneous intentions for short-term sacrifice to maintain these relationships and relational stability. Such solidarity plays a pivotal role in achieving organization's common goals by sharing its vision, goals or core values.

Shared visions originate from individual visions, acting as a focus that provides an accurate angle from which organizational members can view an entire picture and move forward toward their common goals. The solidarity of organizational members with their executives is closely related to the formation of a common belief system in which the members intend to exchange their thoughts or experiences (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998; Adler and Kwon, 2002). Therefore, solidarity between organizational members and top managers is likely to have positive effects on corporate performance.

Cosmopolitanism

Theodore Levitt's article "The Globalization of Markets" (Levitt, 1983) advised that markets and marketing should be transformed globally. This article asserted that

“cosmopolitanism” is no longer a term confined to intellectuals or the economic elite, but is increasingly breaking down barriers of economic isolation, nationalism and supremacy. For this study, cosmopolitanism is viewed as an individual’s expression of values that inform his or her worldview, and a more in-depth understanding of this concept requires evaluating an individual’s attitude or value system regarding society, the nation or the world in which the individual lives.

Heater’s (2002) analysis of the concept of a cosmopolitan person (or world citizen) included the view that a cosmopolitan has a global consciousness and a global sense of responsibility beyond that to his or her own national government. Cosmopolitanism therefore assumes that universal moral obligations and responsibilities exist regarding the world and humankind beyond nations and their peoples. The concepts that are implicit in cosmopolitanism are as follows:

- acts of communication;
- the international dispersion of reforms;
- the inclination of organizations (organization vs occupation);
- aiming at establishing a global neighborhood society system; and
- a sense of cultural opening.

These concepts have been verified as dimensions of cosmopolitanism that can be regarded collectively as a criterion of cosmopolitanism via a factor analysis that includes not only cosmopolitanism but also parochialism. The reliability ($\alpha = 0.63$) of this criterion and its validity were verified cross-culturally in a previous study through a factor analysis.

With the globalization of world markets, studies on cosmopolitanism are becoming increasingly important in the field of marketing. However, the literature regarding cosmopolitanism is mostly theoretical and lacks empirical research. In addition, most studies focus on consumers. The present study therefore examines whether the cosmopolitan orientation of top managers is related to the corporate ability to establish marketing strategies.

Marketing capabilities

Based on sales of general consumer goods, the marketing mix factors are known as the “4Ps” of product, price, place and promotion (Perreault *et al.*, 2008). Parks and Zanger (1990) argued that consumer satisfaction should be maximized through the effective provision of marketing mix factors, perhaps because such factors can present positive images to customers and become critical factors that determine customers’ positive behavioral intentions (Parasuraman *et al.*, 1996). A study of brand loyalty that referenced the 4Ps showed that innovative product improvement, third-party evaluation of products and product warranties influenced brand loyalty (Andrews and Kim, 2007). Other studies reported that corporate performance differed according to strategy types (Okorafo and Russow, 1993; Cavusgil and Zou, 1994). A comprehensive review of the references discussed above illustrates that the marketing mix can be controlled by marketing managers or corporate executives, which implies that variations in top manager’s characteristics are likely to produce corresponding variations in marketing strategies and perhaps marketing capabilities.

The research model and hypotheses

Research model

The purpose of this study was to analyze the effects of top management’s social capital on corporate marketing capabilities and to analyze the moderating effects of cosmopolitanism on the relationship between top management’s social capital and corporate marketing capabilities. The research model is shown in [Figure 1](#).

Research hypotheses

Social capital facilitates networking, which enables an individual to mobilize resources he or she does not have via social networks and relationships in which the individual participates, and thereby improve performance. [Coleman \(1988\)](#) argued that social capital enables an individual to carry out new activities that he or she could not perform without it. [Adler and Kwon \(2002\)](#) argued that social capital influences the career success and compensation of each individual within an organization, facilitates resource exchanges within a department and product innovations, reduces turnover and promotes entrepreneurship and the formation of new companies. [Nahapiet and Ghoshal \(1998\)](#) suggested a conceptual framework for social capital based on structural, relational and cognitive dimensions that generate the combination and exchange of intellectual capital, thereby creating new intellectual capital. Based on the above theory, [Tsai and Ghoshal \(1998\)](#) proposed that social capital influences the combination and exchange of resources and creates innovations.

A number of studies have examined the effects of the characteristics of top executives on corporate performance ([Michel and Hambrick, 1992](#); [Hambrick and D’Aveni, 1992](#); [Haleblian and Finkelstein, 1993](#)). However, few studies have focused on the effects of the internal and external social capital of top executives ([D’Aveni, 1990](#); [Westphal, 1999](#)). [Acquaah \(2007\)](#) suggested that relationships between top management and executives of other companies, government officials and local community leaders improve corporate performance. Based

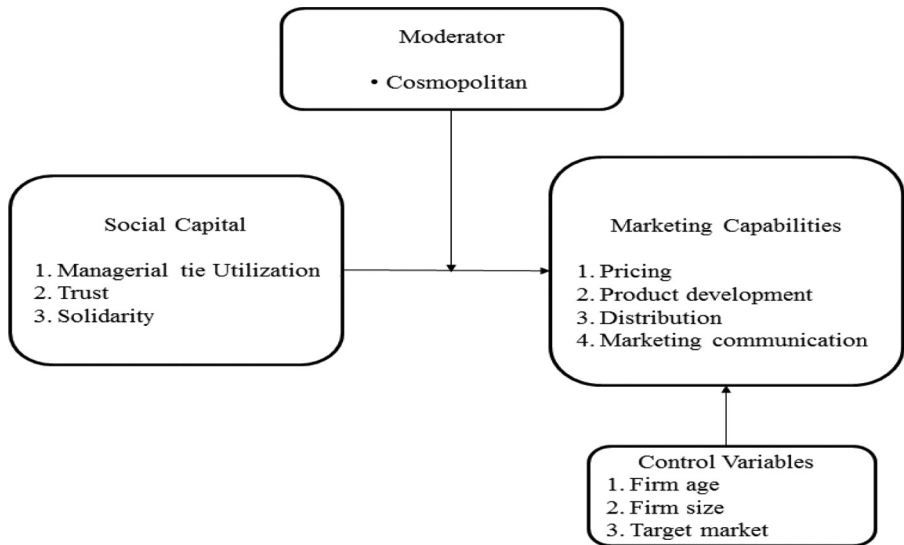


Figure 1.
Suggested research
model

on such discussions, the component factors of top management's social capital may be directly related to corporate marketing capabilities. The external networking of corporate executives can play a major role in terms of the ability to secure resources and connect with external organizations. This study therefore hypothesizes that the external networking of top managements will positively influence corporate marketing strategies, the corporate capacity for their implementation and corporate performance:

- H1. There is a positive relationship between managerial tie utilization (H1-1), trust (H1-2) and solidarity (H1-3) and a firm's pricing strategy capabilities.
- H2. There is a positive relationship between managerial tie utilization (H2-1), trust (H2-2) and solidarity (H2-3) and a firm's product development capabilities.
- H3. There is a positive relationship between managerial tie utilization (H3-1), trust (H3-2) and solidarity (H3-3) and a firm's distribution strategy capabilities.
- H4. There is a positive relationship between managerial tie utilization (H4-1), trust (H4-2) and solidarity (H4-3) and a firm's marketing communications capabilities.

Studies on the characteristics of cosmopolitanism show that cosmopolitan individuals have an open mind toward national and cultural differences (Skrbiš *et al.*, 2004), and want to get along with foreigners (Hannerz, 1990). In addition, cosmopolitans have global consciousness, are not closed-minded (Hannerz, 1990) and are highly likely to accept global consumer trends and cultures easily (Alden *et al.*, 1999). As shown by these studies, cosmopolitan consumers are less inclined to distinguish between domestic and foreign brands (Baughn and Yaprak, 1996).

The dimensionality of cosmopolitanism must be present across countries and cultural boundaries if it is to be useful as a basis for cross-national segmentation (Cannon and Yaprak, 2002). The underlying premise of this dual approach to cross-national segmentation is the proposed two-dimensional nature of cosmopolitan behavior, as cosmopolitans can be either global or local in their orientation. Thus parochialism, not localism, is the opposite of cosmopolitanism. The scale suggested that cosmopolitanism and localism indeed emerge as separate dimensions across boundaries (Cannon and Yaprak, 2002). Gatignon *et al.* (1989) used six items relating to exposure to information beyond country boundaries to measure cosmopolitanism: quantity of foreign mail received, quantity of foreign mail sent, international telegrams received, foreign travel, foreign visitors received and the number of telephones in use. The findings suggest that cosmopolitanism could be multidimensional (Gouldner, 1957; Glaser, 1963; Goldberg *et al.*, 1965).

Moreover, cosmopolitan consumers are highly inclined to pursue objective benefits such as product quality to obtain functional usefulness and value (Cannon and Yaprak, 2002). From the perspective of business management, having a global mindset (knowledge of overseas markets, networks and technologies) in a global company is an important prerequisite to realizing corporate profits (Barkema and Vermeulen, 1998; Bloodgood *et al.*, 1996). This study compared the national averages of the cosmopolitanism index. The average values for China and Korea were 4.28 and 3.00, respectively, showing a statistically significant difference ($t = 3.097$; $p < 0.05$) (Table I).

This study posits that the cosmopolitan orientation of top managers is linked with corporate performance and exhibits national differences. Moreover, such an orientation

is predicted to be closely associated with corporate marketing strategies and business performance. This study therefore assumes that the cosmopolitan orientation of top managers will be related to the corporate capability to devise effective marketing strategies, and national differences will exist:

- H5. A positive relationship between managerial tie utilization (H5-1), trust (H5-2) and solidarity (H5-3) and pricing capabilities will be stronger in a country in which the cosmopolitanism index is high.
- H6. A positive relationship between managerial tie utilization (H6-1), trust (H6-2) and solidarity (H6-3) and product development capabilities will be stronger in a country in which the cosmopolitanism index is high.
- H7. A positive relationship between managerial tie utilization (H7-1), trust (H7-2) and solidarity (H7-3) and distribution capabilities will be stronger in a country in which the cosmopolitanism index is high.
- H8. A positive relationship between managerial tie utilization (H8-1), trust (H8-2) and solidarity (H8-3) and marketing communication capabilities will be stronger in a country in which the cosmopolitanism index is high.

Research methodology

Procedures

This study’s sample comprised small and medium-sized companies from Korea and China. These companies were chosen because of their economic importance in promoting economic development in the two countries. Korean companies were selected from members of the Small and Medium Business Association. Chinese companies located in China’s three major economic regions were selected with the help of Chinese businessmen who conduct overseas business including export. Classification of business types was made by reference to those used in prior studies (Bell, 1995; Covin and Slevin, 1990; Zahra et al., 2000). Five hundred companies registered with the respective countries’ business associations were randomly selected as sample companies. In the actual investigation process, those whose addresses had changed or with whom contact was impossible were excluded due to the difference of six months between the selection of sample companies and administration of the survey. For the survey, two sets of 340 questionnaires were distributed to Korean and Chinese subjects, respectively, after explanation and requests for proof of understanding; the questionnaires were self-administered and then collected. After excluding insincere responses, 636 questionnaires (329 from Koreans, 307 from Chinese) were used for the analysis.

A preliminary survey was administered to 30 students majoring in business administration to check for grammar, typing errors and the respondents’ degree of understanding. In addition, reliability and factor analyses were conducted. The survey of Korean and Chinese top managers was conducted simultaneously over the Internet (e-mail)

Table I.
Cosmopolitanism
index scores for
China and Korea

Country	Mean	SD	t-value
China	4.28	0.767	t = 3.097*
Korea	3.99	0.732	

Note: *p < 0.05

and through onsite visits. Respondents' IP addresses were input for the Internet survey, and questionnaires for the mail were collected via fax to eliminate overlapping responses.

Operational definitions of major variables

Based on findings of previous studies, this study measured social capital by managerial tie utilization, trust and solidarity. For measurement items regarding managerial tie utilization, the categorizing methods employed by previous studies were reorganized to suit the present study (Granovetter, 1973; Li *et al.*, 2008; Nahapiet and Ghoshal, 1998; Peng and Luo, 2000; Watson, 2007). This study defined managerial tie utilization as the use of social networks, and measured the degrees of ties with clients, competitors, private experts, relevant organizations, governmental departments and financial institutions. Social networks were classified based on methods of connection: family level, colleague level and public institution level. The degrees of these ties were then measured. Management tie utilization was measured with six question items.

Trust is an essential element in the sharing and exchange of information among company members (Mayer *et al.*, 1995; McFadyen and Cannella, 2004; Nahapiet and Ghoshal, 1998). Trust was measured using four question items including contracts with other companies, supply dates, the level of relationships with corporate partners and the passion and dedication of company members (Chattopadhyay, 1999; Johnson *et al.*, 1996; Levin and Cross, 2004; Mayer *et al.*, 1995; McAllister, 1995).

Solidarity was measured using three specific question items from previous studies selected to suit the characteristics of the present study: mutual interest with corporate partners, acceptance of opinions and extent of drawing similar conclusions (Atuahene-Gima and Murray, 2007; Kemper *et al.*, 2011).

Components of corporate marketing capabilities included pricing strategy capabilities, product development capabilities, distribution strategy capabilities and marketing communications capabilities. These components represent the 4Ps (Perreault *et al.*, 2008). This study reorganized items from previous studies to fit its own characteristics (Vorhies and Morgan, 2005; Yarbrough *et al.*, 2011). Each of the components of marketing capabilities consisted of three questions (Kemper *et al.*, 2011).

Control and moderator variables: In this study, control variables included the company's founding year, size and target markets divided into domestic and overseas markets. Cosmopolitanism was set as a moderator variable. This study created five questions to measure cosmopolitanism by reorganizing the question items employed in a previous study (Cannon and Yaprak, 2002): "I enjoy exchanging thoughts with people from other cultures and countries", "I want to learn more about people who live in other countries", "I want to learn about the viewpoints of people from other countries and their ways of thinking", "I also want to learn about other lifestyles" and "I think that people in other cultural areas are interesting". This study measured all questions based on five-point Likert scales (see Table AI).

Descriptive analysis

Exactly 636 subjects responded to this study's questionnaire, and the study divided the chief executive officer (e.g. corporate CEOs) position to include vice presidents and executive teams including boards of directors. Thus, CEOs comprised 38.7 per cent ($n = 246$) of the sample, and directors comprised 61.3 per cent ($n = 390$). Companies that had been in business fewer than 10 years comprised 39.9 per cent ($n = 254$), while 38.1 per

cent ($n = 241$) had been founded between 10 years and 19 years prior to the study, with 22 per cent ($n = 140$) being more than 20 years old. Electronics ranked first among business types at 24.8 per cent, followed by specialized service businesses, retail businesses and construction companies. The number of companies targeting overseas customers was 295 (46.3 per cent), while 341 (53.6 per cent) targeted domestic customers (Table II).

Reliability and validity test

To verify the proposed hypotheses, statistical characteristics of the variables and correlations among each of the variables were examined. Relationships between variables were tested through correlation analysis and average variance extracted (AVE). To confirm discriminant validity, the AVE value of potential variables must be larger than the squared value of their coefficients, and in this study, the data on social capital were divided into Korean and Chinese data. As shown below, the square roots of

Characteristics	Total ($n = 636$) (%)	Korea ($n = 329$) (%)	China ($n = 307$) (%)	
<i>Sex</i>				
Man	459 (72.2)	270 (82.1)	189 (61.6)	
Woman	177 (27.8)	59 (17.9)	118 (38.4)	
<i>Position</i>				
CEO (vise CEO)	246 (38.7)	101 (30.7)	145 (47.2)	
Directors	390 (61.3)	228 (69.3)	162 (52.8)	
<i>Firm age</i>				
0-10	254 (39.9)	164 (49.8)	90 (29.3)	
10-19	242 (38.1)	95 (28.9)	147 (47.9)	
Over 20	140 (22)	70 (21.3)	70 (22.8)	
<i>Firm size</i>				
<10	93 (14.6)	73 (22.2)	10 (6.5)	
10-49	318 (50)	173 (52.6)	145 (47.2)	
Over 50	225 (35.4)	83 (25.2)	142 (46.3)	
<i>Industry</i>				
Electronics	158 (24.8)	125 (38)	33 (10.7)	
Machinery	52 (8)	26 (7.9)	25 (8.1)	
Petroleum	44 (6.9)	7 (2.1)	37 (12.1)	
Construction	59 (9.3)	8 (2.4)	51 (16.6)	
Medicine	24 (3.8)	2 (0.6)	22 (7.2)	
Distribution	61 (9.6)	5 (1.5)	56 (18.2)	
Information technology	43 (6.8)	19 (5.8)	24 (7.8)	
Clothes	54 (8.5)	33 (10)	21 (6.8)	
Wholesale	43 (6.8)	17 (5.2)	26 (8.5)	
Service	99 (15.6)	87 (26.4)	12 (3.9)	
<i>Target market</i>				
Sample characteristics	Domestic market	341 (53.6)	185 (29.1)	156 (24.5)
	Overseas market	295 (46.3)	144 (22.6)	151 (23.7)

Table II.
Sample characteristics

all AVEs were larger than the coefficients, thus confirming discriminant validity (Tables III and IV).

As shown in Table V, the Cronbach's α of major variables was 0.7 or higher, confirming reliability, and the AVEs were all 0.5 or higher, confirming convergent validity.

Results

Hypotheses tests

Table VI shows the results of a regression analysis performed to verify the first hypothesis that the factors comprising top management's social capital will have positive effects on corporate marketing capabilities (pricing strategies, product development, distribution strategies and marketing communications).

China	1	2	3	4	5	6	7	8	9	10
MU	NA									
Tr	0.373	0.73								
So	0.433	0.565	0.72							
Price	0.674	0.424	0.496	0.69						
Pro	0.577	0.326	0.459	0.765	0.74					
Dis	0.606	0.576	0.564	0.621	0.572	0.65				
MC	0.617	0.435	0.561	0.700	0.666	0.580	0.69			
Years	0.186	0.216	0.331	0.096	0.073	0.281	0.038	NA		
Size	0.006	0.162	0.004	0.068	0.086	0.165	0.015	0.172	NA	
Mar	0.031	0.052	0.155	0.169	0.013	0.041	0.047	0.103	0.384	NA
M	4.19	4.13	4.18	4.23	4.39	4.29	4.420	1.93	2.40	1.91
SD	0.56	0.69	0.64	0.73	0.71	0.70	0.69	0.72	0.61	0.96

Table III. Correlational and discriminant validity (China)

Korea	1	2	3	4	5	6	7	8	9	10
MU	NA									
Tr	0.617	0.72								
So	0.630	0.707	0.73							
Price	0.496	0.445	0.654	0.68						
Pro	0.583	0.606	0.674	0.606	0.75					
Dis	0.653	0.727	0.636	0.512	0.720	0.64				
MC	0.534	0.451	0.556	0.528	0.596	0.530	0.68			
Years	0.036	0.099	0.026	0.018	0.180	0.109	0.057	NA		
Size	0.351	0.153	0.049	0.078	0.191	0.070	0.150	0.155	NA	
Mar	0.073	0.007	0.182	0.082	0.026	0.035	0.132	0.024	0.043	NA
M	3.77	4.05	3.61	3.87	3.85	3.93	3.34	0.171	2.03	1.86
SD	0.68	0.75	0.78	0.81	0.82	0.81	0.91	0.79	0.68	0.98

Table IV. Correlational and discriminant validity (Korea)

Notes: All correlations are significant at the 0.01 level (two-tailed); Mar = target market; MU = managerial tie utilization; Tr = trust; So = solidarity; Pro = product; Dis = distribution; MC = marketing communication



CMS 9,3	452					
	Construct	Items	FL	CR	α	AVE
	Managerial tie utilization	MTU1	0.816	0.879	0.856	0.713
		MTU2	0.813			
		MTU3	0.597			
		MTU4	0.584			
		MTU5	0.738			
		MTU6	0.798			
	Trust	TR1	0.753	0.867	0.837	0.683
		TR2	0.804			
		TR3	0.776			
		TR4	0.726			
	Solidarity	SOL1	0.727	0.920	0.760	0.751
		SOL2	0.890			
		SOL3	0.871			
	Cosmopolitanism	COS1	0.834	0.925	0.876	0.721
		COS2	0.821			
COS3		0.788				
COS4		0.788				
COS5		0.836				
Price	PR1	0.899	0.920	0.863	0.696	
	PR2	0.846				
	PR3	0.923				
Product	PRO1	0.797	0.893	0.841	0.754	
	PRO2	0.767				
	PRO3	0.754				
Distribution	DIS1	0.890	0.921	0.880	0.653	
	DIS2	0.865				
	DIS3	0.832				
Communication	COM1	0.823	0.880	0.865	0.698	
	COM2	0.780				
	COM3	0.760				

Table V.
The exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) results

$\chi^2 = 985.2$, $df = 320$, $p = 0.000$, CFI = 0.978, GFI = 0.908, AGFI = 0.889, RMSEA = 0.050

Notes: FL = factor loadings; CR = composite reliability; AVE = average variance extracted; CFI = comparative fit index; RMSEA = root mean square error of approximation; GFI = goodness-of-fit index; AGFI = adjusted goodness-of-fit index

First, the relationship with pricing strategy capabilities was analyzed. Based on standardized regression coefficients, managerial tie utilization and solidarity were revealed to have positive effects on pricing strategy capabilities ($\beta = 0.312$; $p < 0.001$; $\beta = 0.394$; $p < 0.001$), but trust did not show statistically significant effects ($\beta = 0.053$; $p > 0.05$). Second, the relationship with product development capabilities was analyzed. Again, based on standardized regression coefficients, managerial tie utilization and solidarity exhibited positive effects on product development capabilities ($\beta = 0.307$; $p < 0.001$; $\beta = 0.361$; $p < 0.001$), whereas trust did not show statistically significant effects ($\beta = 0.026$; $p > 0.05$). Third, the relationship with distribution strategy capabilities was analyzed. Based on standardized regression coefficients, managerial tie utilization, trust and solidarity exhibited positive effects on distribution strategy capabilities ($\beta = 0.378$; $p < 0.001$; $\beta = 0.320$; $\beta = 0.190$; $p < 0.001$). Finally, the relationship with marketing

Independent variables	Dependent variable: capability of pricing strategies						
	Step 1		Step 2		Step 3		
	B	β	B	B	B	β	<i>t</i>
Constants	3.79***		0.805***		3.16***		
<i>Control variables</i>							
Firm age	0.060	0.058	0.063**	0.061**	0.041	0.040	1.35
Firm size	0.091*	0.078*	0.057	0.049	0.053	0.045	1.47
Market	0.034	0.064	0.079*	0.050*	0.078*	0.049*	1.71*
<i>Main Effects</i>							
MTU			0.375***	0.312***	0.140	0.117	0.571
TR			0.058	0.053	0.588**	0.534**	2.76**
SOL			0.407***	0.394***	0.139	0.134	0.699
COS			0.187***	0.179***	0.109	0.104	0.506
<i>Interactions</i>							
MTU \times COS					0.052	0.324	0.889
TR \times COS					0.165**	0.298**	3.04**
SOL \times COS					0.141**	0.897**	2.77**
R^2	0.010		0.492		0.502		
<i>F</i> -value	2.15*		86.8***		62.9***		

Table VI.
Results of the effects of social capital on pricing strategies

Notes: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.09$ (marginal significant); MTU = managerial tie utilization; TR = trust; SOL = solidarity; COS = cosmopolitanism

communications capabilities was analyzed. Based on standardized regression coefficients, managerial tie utilization, trust and solidarity were found to have positive effects on marketing communications capabilities ($\beta = 0.339$; $p < 0.001$; $\beta = 0.425$; $\beta = 0.061$; $p < 0.001$).

Thus, the study found that managerial tie utilization and solidarity are significantly, positively related to a firm's pricing strategy capabilities, in support of *H1-1* and *H1-3*, but not *H1-2*. Also, managerial tie utilization and solidarity are significantly, positively related to a firm's product development capabilities, in support of *H2-2* and *H2-3*, but not *H2-2*. Thus, *H1-2* and *H2-2* were not confirmed because trust was not positively related to a firm's pricing strategy or product development capabilities. The study also found that managerial tie utilization, trust and solidarity were significantly, positively related to a firm's distribution strategy capabilities, in support of *H3-1*, *H3-2* and *H3-3*. In addition, the study found that managerial tie utilization and solidarity are significantly, positively related to a firm's marketing communications capabilities, in support of *H4-1* and *H4-3*, but not *H4-2*.

Regarding cosmopolitanism, a mediated hierarchical regression analysis was employed to identify whether cosmopolitanism served as a moderator when social capital influenced corporate marketing capabilities. A moderator variable affects the relational direction or intensity of independent and dependent variables. The relationship between independent and dependent variables differs according to the levels of moderator variables. In other words, independent variables may influence dependent variables by interacting with moderator variables.

The first hypothesis was that when top management's social capital influences corporate marketing capabilities, cosmopolitanism plays the role of a moderator. Table V presents the results of a mediated hierarchical regression analysis performed to verify the hypothesis. Regarding pricing strategy capabilities, the R^2 in the three-phase model was 0.502, showing that the model's explanatory power was 50.26 per cent ($p < 0.001$). In addition, compared with the second phase, the change in explanatory power (ΔR^2) in the third phase was 0.010, in which interactions between cosmopolitanism, the moderator variable and the social capital factors, which were independent variables, were entered. In addition, the result was statistically significant at $p < 0.05$. In other words, when compared with the second phase, the change in explanatory power in the third phase, in which interactions with the moderator variable were input, was statistically significant. Therefore, moderating effects may have occurred.

In the third phase, the statistical significance of the regression coefficient for interactions between the moderator variable and independent variables was verified. The regression coefficient for interactions between managerial tie utilization and cosmopolitanism was not statistically significant at $\beta = 0.324$, $t = 0.889$ and $p = 0.375$. Therefore, managerial tie utilization may not have statistically significant effects on pricing strategy capabilities. However, the regression coefficient for interactions between trust and cosmopolitanism was statistically significant at $\beta = 0.298$, $t = 0.3044$ and $p < 0.05$. Therefore, trust may have statistically significant effects on pricing strategy capabilities when interacting with cosmopolitanism. In addition, the regression coefficient for interactions between solidarity and cosmopolitanism was also statistically significant at $\beta = 0.897$, $t = 2.771$ and $p < 0.05$. Therefore, solidarity may have statistically significant effects on pricing strategy capabilities when interacting with cosmopolitanism. Consequently, trust and solidarity may have greater effects on the capability of pricing strategies in companies located in countries with higher values on the cosmopolitanism index (hereafter referred to as "more cosmopolitan companies"). Thus, it was found that the relationship between trust and solidarity and pricing strategy capabilities is more effective in more cosmopolitanism companies, in partial support of *H5-2* and *H5-3*. However, *H5-1* was rejected because managerial tie utilization showed no moderating effect on relationships between managerial tie utilization and pricing strategy capabilities.

A hierarchical regression analysis of product development capabilities, a dependent variable, yielded an R^2 of 0.526 in the three-phase model and, thus, the model's explanatory power was around 53 per cent ($p < 0.05$). In addition, compared with the second phase, the change in explanatory power (ΔR^2) was 0.011 in the third phase in which interactions between cosmopolitanism and the independent variables were entered. This result was statistically significant at $p < 0.05$. In other words, insofar as the change in explanatory power was statistically significant in the third phase in which interactions with the moderator variable were input, moderating effects may have occurred.

Table VII presents the results of verifying the statistical significance of the regression coefficient for interactions between the moderator variable and independent variables regarding product development capabilities. The regression coefficient for interactions between solidarity and cosmopolitanism was not statistically significant at $\beta = 0.306$, $t = 0.970$ and $p = 0.333$. Therefore, solidarity may not have statistically significant effects on product development capabilities when interacting with

Independent variables	Dependent variable: capability of product development						
	Step 1		Step 2		Step 3		<i>t</i>
	B	β	B	β	B	β	
Constants	3.390		3.103		2.809		
<i>Control variables</i>							
Firm age	0.176***	0.165***	0.056*	0.053*	0.074**	0.069**	2.396
Firm size	0.180***	0.149***	0.032	0.027	0.013	0.011	0.352
Target market	0.000	0.000	0.049	0.030	0.058	0.035	1.249
<i>Main effects</i>							
MTU			0.379***	0.307***	0.959***	0.775***	3.884
TR			0.029	0.026	0.471**	0.415**	2.201
SOL			0.384***	0.361***	0.186	0.175	0.933
COS			0.146***	0.135***	0.927***	0.858***	4.292
<i>Interactions</i>							
MTU \times COS					0.132**	0.806**	2.262
TR \times COS					0.119**	0.734***	2.197
SO \times COS					0.049	0.306	0.970
R^2	0.052		0.515		0.526		
<i>F</i> -value	11.64***		95.26***		69.35***		

Table VII.
Results of the effects of social capital on product development

Notes: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.09$ (marginal significant); MTU = managerial tie utilization; TR = trust; SOL = solidarity; COS = cosmopolitanism

cosmopolitanism. However, the regression coefficient for interactions between managerial tie utilization and cosmopolitanism was statistically significant at $\beta = 0.806$, $t = 2.262$ and $p < 0.05$. Therefore, managerial tie utilization may have positive effects on distribution strategy capabilities when interacting with cosmopolitanism. In addition, the regression coefficient for interactions between trust and cosmopolitanism was statistically significant at $\beta = 0.734$, $t = 2.197$ and $p < 0.001$. Therefore, trust may have statistically significant effects on product development capabilities when interacting with cosmopolitanism. Therefore, managerial tie utilization and trust may have stronger effects on product development capabilities in more cosmopolitanism companies. Thus, the relationship between managerial tie utilization, trust and solidarity on the one hand and product development capabilities on the other are more effective in more cosmopolitanism companies, in partial support of *H6-2*, *H6-2* and *H6-3*.

A hierarchical regression analysis of distribution strategy capabilities, a dependent variable, yielded an R^2 in the three-phase model of 0.618, giving the model an explanatory power of around 62 per cent ($p < 0.05$). In addition, compared with the second phase, the change in explanatory power (ΔR^2) was 0.009 in the third phase in which interactions between cosmopolitanism and the independent variables were input. This result was also statistically significant at $p < 0.05$. In other words, insofar as the change in explanatory power was statistically significant in the third phase in which interactions with the moderator variable were entered, moderating effects may have occurred. Table VIII presents the results of verifying the statistical significance of the regression coefficient for interactions between the moderator variable and independent

CMS 9,3	Dependent variable: capability of distribution strategies							
	Independent variables	Step 1		Step 2		Step 3		<i>t</i>
	B	β	B	β	B	β		
	Constant	3.687		0.086		1.095		1.470
456	<i>Control variables</i>							
	Firm age	0.092**	0.091**	0.008	0.008	0.008	0.008	0.313
	Firm size	0.023	0.020	0.125***	0.109***	0.144***	0.125***	4.629
	Target market	0.132**	0.085**	0.082**	0.052**	0.082**	0.053**	2.087
	<i>Main effects</i>							
	MTU			0.446***	0.378***	0.292	0.247	1.378
	TR			0.346***	0.320***	0.929***	0.857***	5.062
	SOL			0.193***	0.190***	0.069	0.068	0.401
	COS			0.061*	0.059*	0.386**	0.374**	2.082
	<i>Interactions</i>							
	MTU \times COS					0.044	0.281	0.877
	TR \times COS					0.153***	0.985***	3.286
	SOL \times COS					0.028	0.184	0.649
	R^2		0.016		0.609		0.618	
<i>F</i> -value		3.339**		139.7***		100.9***		
Notes: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.09$ (marginal significant); MTU = managerial tie utilization; TR = trust; SOL = solidarity; COS = cosmopolitanism								

variables in relation to distribution strategy capabilities. The regression coefficient for interactions between managerial tie utilization and cosmopolitanism was not statistically significant at $\beta = 0.281$, $t = 0.877$ and $p = 0.381$. Therefore, managerial tie utilization may not have statistically significant effects on distribution strategy capabilities when interacting with cosmopolitanism.

In addition, the regression coefficient for interactions between solidarity and cosmopolitanism was not statistically significant at $\beta = 0.184$, $t = 0.649$ and $p = 0.516$. Therefore, solidarity may not have statistically significant effects on distribution strategy capabilities when interacting with cosmopolitanism. However, the regression coefficient for interactions between trust and cosmopolitanism was statistically significant at $\beta = 0.985$, $t = 3.286$ and $p < 0.001$. Therefore, trust may have statistically significant effects on distribution strategy capabilities when interacting with cosmopolitanism. Consequently, trust appears to have stronger effects on distribution strategy capabilities in more cosmopolitanism companies, in partial support of *H7-2*, but not *H7-1* or *H7-3*. *H7-1* and *H7-3* were rejected because cosmopolitanism has no moderating effect on the relationships between managerial tie utilization and solidarity on the one hand and distribution strategy capabilities on the other.

A hierarchical regression analysis of marketing communications capabilities yielded an R^2 in the three-phase model of 0.519, giving model an explanatory power of around 52 per cent ($p < 0.05$). Moreover, compared with the second phase, the change in explanatory power (ΔR^2) was 0.008 in the third phase in which interactions between cosmopolitanism and the independent variables were entered. This result was also statistically significant at $p < 0.05$. In other words, compared with the second phase, the

change in explanatory power was statistically significant in the third phase in which interactions with the moderator variable were input. Therefore, moderating effects may have occurred. Table IX presents the results of verifying the statistical significance of the regression coefficient for interactions between the moderator variable and the independent variables in relation to marketing communications capabilities. The regression coefficient for interactions between managerial tie utilization and cosmopolitanism was not statistically significant at $\beta = 0.565$, $t = 1.575$ and $p = 0.116$. Therefore, managerial tie utilization may not have statistically significant effects on marketing communications capabilities when interacting with cosmopolitanism.

In addition, the regression coefficient for interactions between solidarity and cosmopolitanism was not statistically significant at $\beta = 0.170$, $t = 0.536$ and $p = 0.592$. Thus, solidarity may not have statistically significant effects on marketing communications capabilities when interacting with cosmopolitanism. However, the regression coefficient for interactions between trust and cosmopolitanism was statistically significant at $\beta = 0.740$, $t = 2.199$ and $p < 0.05$. Therefore, trust may have statistically significant effects on marketing communications capabilities when interacting with cosmopolitanism. Consequently, trust appears to have larger effects on marketing communications capabilities in more cosmopolitanism companies, in partial support of H8-2, but not H8-1 or H8-3, which were rejected because cosmopolitanism has no moderating effect on the relationships between managerial tie utilization and solidarity on the one hand and marketing communication capabilities on the other.

Independent variables	Dependent variable: capability of marketing communications						
	Step 1		Step 2		Step 3		t
	B	β	B	β	B	β	
Constant	3.094		0.087		0.916		0.930
<i>Control variables</i>							
Firm age	0.114**	0.095**	0.027	0.022	0.016	0.013	0.444
Firm size	0.292***	0.215***	0.108*	0.080*	0.084**	0.062**	2.031
Target market	0.130*	0.071*	0.198***	0.107***	0.194***	0.105***	3.706
<i>Main effects</i>							
MTU			0.472***	0.339***	0.080	0.058	0.287
TR			0.077	0.061	0.434*	0.340*	1.791
SOL			0.509***	0.425***	0.609**	0.508**	2.694
COM			0.099**	0.082**	0.349	0.287	1.424
<i>Interactions</i>							
MTU \times COM					0.104	0.565	1.575
TR \times COM					0.136**	0.740**	2.199
SOL \times COM					0.031	0.170	0.536
R ²	0.059		0.511		0.519		
F-value	13.16**		93.64***		67.47***		

Notes: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.09$ (marginal significant); MTU = managerial tie utilization; TR = trust; SOL = solidarity; COS = cosmopolitanism

Table IX. Results of the effects of social capital on marketing communications

An additional analysis of control variables

The status of an analysis of the relationship between social capital and marketing capabilities. This study identified the relationship between its control variables, which were “firm size”, “firm age” and “target market” and corporate marketing capability factors. The control variable firm size was revealed to have positive effects on pricing strategy capabilities ($\beta = 0.078; p < 0.10$). However, the control variables firm age and target market did not show statistically significant effects on pricing strategy capabilities ($\beta = 0.058; \beta = 0.064; p > 0.05$). The control variables firm size and firm age exhibited positive effects on product development capabilities ($\beta = 0.165; \beta = 0.149; p < 0.001$), whereas the control variable target market did not show statistically significant effects on product development capabilities ($\beta = 0.000; p > 0.05$). The results of an analysis of the relationship with distribution strategy capabilities are as follows. While firm age and target market revealed positive effects on distribution strategy capabilities ($\beta = 0.091; \beta = 0.085; p < 0.05$), firm size did not exhibit statistically significant effects on such capabilities ($\beta = 0.020; p > 0.05$). Finally, firm size, firm age and target market showed positive effects on marketing communications capabilities ($\beta = 0.095; p < 0.05; \beta = 0.215; p < 0.001; \beta = 0.071; p < 0.10$).

Conclusion

This study proposed the hypothesis that top management’s social capital would have positive effects on corporate marketing capabilities: pricing strategies, product development, distribution strategies and marketing communications. While managerial tie utilization and solidarity were revealed to have positive effects on corporate marketing capabilities, trust did not show statistically significant effects.

Among the social capital factors studied, managerial tie utilization did not show statistically significant effects on pricing strategy capabilities when interacting with cosmopolitanism. However, trust exhibited statistically significant effects on such capabilities when interacting with cosmopolitanism. Solidarity was also found to have statistically significant effects on such capabilities when interacting with cosmopolitanism, but it did not have statistically significant effects on the product development capabilities when interacting with cosmopolitanism. However, managerial tie utilization showed statistically significant effects on such capabilities when interacting with cosmopolitanism. Trust also revealed statistically significant effects on product development capabilities when interacting with cosmopolitanism. Regarding distribution strategy capabilities, managerial tie utilization did not exhibit statistically significant effects when interacting with cosmopolitanism, nor did solidarity. However, trust was revealed to have statistically significant effects on such capabilities when interacting with cosmopolitanism. Finally, neither managerial tie utilization nor solidarity showed statistically significant effects on marketing communications capabilities when interacting with cosmopolitanism. However, trust was shown to have statistically significant effects on such capabilities when interacting with cosmopolitanism.

From a managerial strategy perspective, this study makes a valuable contribution to the literature by comparing the effects of CEO social capital on management performance across countries. The study’s contribution is unique in using a field study to investigate companies from various manufacturing segments. Thus, the results of the

study could benefit management studies by offering crucial strategic implications for top management seeking to adopt effective management and marketing strategies.

Implications

This study measured the effects of Korean and Chinese top management's social capital on corporate marketing capabilities and corporate business performance. The study also attempted to identify whether the global mindset or cosmopolitanism of corporate executives serves as a moderator between factors involved in social capital and corporate marketing capabilities.

This study's empirical results contribute valuable data to the literature, as it was based on a survey conducted with actual Korean and Chinese top managers. In addition, the study's findings are likely to suggest a valuable direction for evaluating corporate marketing strategies and business performance. The study identified powerful effects of top management's social capital on corporate marketing strategies. Therefore, greater investments should be made to build the top management's social capital, so that the corporate capacity for marketing strategies will be able to produce maximum effects.

The implications of this study may be divided into two areas. First, academically, the study evaluated social capital. Studies on social capital have not yet been conducted in a wide range of fields. Although social capital is a key marketing concept that should not be overlooked by companies or top managers, few studies have combined theoretical considerations with empirical research. In this context, the study may have created an opportunity to promote theoretical discussions of social capital by suggesting and identifying new factors in corporate success in terms of business mindset, personnel management and marketing capabilities.

The present study can be regarded as meaningful in terms of targeting the individual-level social capital of corporate executives, whereas previous studies on social capital mostly examined organization-level social networks. In addition, the present study segmented social capital into sub-factors, thereby identifying their relationships with the behavioral outputs of corporate executives, such as business practice processes, marketing capabilities and business performance. Based on the findings of this study, top management's social capital should enable companies to consolidate corporate business practice capabilities and, eventually, to be seen as closely associated with business performance and the essential qualities and characteristics of corporate executives. The formation of a company's executive mindset may become a foundation for the company's existence. The global economy and markets are changing rapidly, indicating greater uncertainty in the future. Therefore, a new education system for top managers is required that will cultivate the optimistic resilience of corporate executives in the face of new challenges.

Companies need social capital as a complement to visible capital to connect company members with other companies and build cooperative relationships. Plentiful social capital will help companies realize continuous growth and stability. With economic development, human and physical capital has become more plentiful. In addition, as the number of companies that provide similar goods or services increases, this form of capital has reached the point where it cannot serve a large role as a source of corporate competitiveness. For this reason, the formation of social capital through such factors as trust built among organizational members, the building of networks and the sharing of core values are emerging as increasingly important factors in corporate success. To

survive in a global market with limitless competition, companies should adopt and establish a cosmopolitan orientation among their corporate executives.

The results of this study suggest the following additional points. A company with a high level of cosmopolitan orientation may have excellent strategies for competing on overseas markets. Companies targeting global markets should leverage accumulated top management's social capital to discover overseas business opportunities and acquire knowledge of overseas markets. When the corporate executives of companies that attempt to make inroads into overseas markets have such a cosmopolitan orientation and actively seek and seize overseas market opportunities, they are more likely to avoid path-dependency following domestic business activities and become successful in those global markets.

Limitations

This study is subject to several limitations. First, it has not fully addressed various foundational concepts or factors that comprise or facilitate the building of social capital. In addition to trust and the sharing of core values and knowledge among organizational members, there may be other factors involved, so systematic studies should be conducted using a model that can review the roles of various explanatory variables that constitute social capital.

Recommendations for future research

First, to contribute to generalizing the results of this study, future studies should compare various types of capital (intellectual, economic and psychological) accumulated by corporate executives within culturally dissimilar countries. This would improve on the approach taken in this study, which used a sample from the culturally similar China and Korea. Expanding the sample to include companies from North America or Europe would enhance the reliability and generalizability of the results. This study presents cosmopolitanism as a moderator variable. As a theoretical construct, cosmopolitanism is in the early stages of being developed. Future studies should reorganize their moderator variables after a full review of the factors that are involved in social capital as proposed by existing studies.

Another direction for future research related to cosmopolitanism would be to explore the influence of social capital on a wide range of business performance metrics; such research is needed to bring more relevant insights to management. The results of this study imply that managers should foster institutional trust and networking when formulating entrepreneurial and knowledge-creation strategies. Cosmopolitanism is not, however, a sufficiently robust factor to enable top managers to execute innovation leadership and managerial strategies on its basis alone. Future studies should consider economic, historical and political factors as well.

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Further reading

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Variables	Questions
Managerial tie utilization	<p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks and connections with top managers at buyer firms</p> <p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks and connections with top managers at supplier firms</p> <p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks, and connections with top managers at competitor firms.</p> <p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks and connections with political leaders at various levels of government</p> <p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks and connections with officials in industrial bureaus</p> <p>During the past three years, you and other top managers at your company have heavily utilized personal ties, networks and connections with officials in regulatory and supporting organizations such as tax bureaus, state banks, commercial administration bureaus and the like</p>
Trust	<p>I assumed that he or she would always look out for my interests</p> <p>I assumed that he or she would go out of his or her way to make sure I was not adversely affected</p> <p>I felt like he or she cared about what happened to me</p> <p>I believed that this person approached his or her job with professionalism and dedication</p>
Solidarity	<p>Members of my business network believe that the needs of the whole network should take priority over personal needs</p> <p>Members of this business network accept decisions taken within the network even when they have other opinions</p> <p>Problem solving by many members of a business network give better results than those by individuals</p>
Cosmopolitanism	<p>I enjoy exchanging thoughts with people from other cultures and countries</p> <p>I want to learn more about people who live in other countries</p> <p>I want to learn about the viewpoints of people from other countries and their ways of thinking</p> <p>I also want to learn about lifestyles in other countries</p> <p>I think that people in other cultural areas are interesting</p>
Price	<p>The company compared with major competitors is using pricing skills and systems to respond quickly to market change</p> <p>The company compared with major competitors has knowledge of competitors' pricing tactics</p> <p>The company compared with major competitors is monitoring competitors' prices and price changes</p>

(continued) **Table AI.**

Measurement tools

CMS 9,3	Variables	Questions
466	Product	<p>The company compared with major competitors has the ability to develop new products/services</p> <p>The company compared with major competitors is developing new products/services to exploit R&D investment</p> <p>The company compared with major competitors is successfully launching new products/services</p>
	Distribution	<p>The company compared with major competitors has strong relationships with its distributors</p> <p>The company compared with major competitors is attracting and retaining the best distributors</p> <p>The company compared with major competitors is providing high levels of service support to distributors</p>
	Communication	<p>The company compared with major competitors can develop and execute advertising programs</p> <p>The company compared with major competitors has a high level of public relations skills</p> <p>The company compared with major competitors has a high level of brand image management skills and processes</p>

Table AI.

About the author

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