

การศึกษารอบรู้ความรู้อาการตลาดและเครือขายธุรกิจที่มีอิทธิพล  
ต่อความสำเร็จด้านการส่งออกเพื่อรองรับการเข้าสู่ประชาคม  
เศรษฐกิจอาเซียน (AEC)  
Networking and Export Success, Market Knowledge  
as a Moderator Sustaining for Asean Economic  
Community (AEC)

เฟด็จ ทุภักษ์สุณ\*

Phadett Tooksoon\*

เมธิณี อิมเอิบ\*\*

Methinee Imaob\*\*

นัจริดา มงคลคีรี\*\*\*

Nattarida Mongkhonkill\*\*\*

---

\*คณะบริหารธุรกิจและศิลปศาสตร์ มหาวิทยาลัยเทคโนโลยีราชมงคลล้านนาตาก

\*Faculty of Business Administration and Liberal Arts, Rajamangala University of Technology Lanna Tak.

\*\*คณะบริหารธุรกิจและศิลปศาสตร์ มหาวิทยาลัยเทคโนโลยีราชมงคลล้านนาตาก

\*\*Faculty of Business Administration and Liberal Arts, Rajamangala University of Technology Lanna Tak.

\*\*\*คณะบริหารธุรกิจและศิลปศาสตร์ มหาวิทยาลัยเทคโนโลยีราชมงคลล้านนาตาก

\*\*\*Faculty of Business Administration and Liberal Arts, Rajamangala University of Technology Lanna Tak.

### Abstract

This research examines the relationship between networking and export success as well as the moderating effect of market knowledge to sustain ASEAN Economic Community (AEC). Data were collected by mailing questionnaires to the managers of manufacturing exporting firms in Thailand. A total of 113 qualified observations were collected. Moreover, the research investigates the extent of Thai firms to invest resources in building networking. The networking of this research can be classified into five groups; government agency, financial institution, business association, knowledge institution, and transport association. However, only financial institution and transport association is statistically significant and positively relate with export success, while business association is negatively significant. In addition, the contribution of this research found that market knowledge moderately has an effect on the relationship between networking and export success in term of government agency, knowledge institution, and transport association. Similarly, Thai firms used high consistency with the government agency, knowledge institution, transport association, and high market knowledge that can exhibit high export success equally in ASEAN market.

**Keywords:** Networking, Market knowledge, Export success, AEC, Thailand

## บทคัดย่อ

การศึกษาวิจัยในครั้งนี้เป็นการศึกษาถึงผลกระทบที่เกิดจากการใช้องค์ความรู้ทางด้านการตลาดของผู้ประกอบการส่งออกของไทย ในการเข้าไปสนับสนุนการใช้ประโยชน์จากเครือข่ายองค์กรทางธุรกิจทั้งจากหน่วยงานภาครัฐและภาคเอกชน เพื่อเสริมสร้างศักยภาพในการแข่งขันและประสบความสำเร็จในการส่งออกสินค้าไปจำหน่ายยังตลาดต่างประเทศ เพื่อรองรับการเข้าสู่ประชาคมเศรษฐกิจอาเซียน (AEC) การวิจัยในครั้งนี้ ได้ทำการเก็บรวบรวมข้อมูลจากการส่งแบบสอบถามไปยังหน่วยธุรกิจต่างๆ ที่ทำธุรกิจทางด้านการส่งออกสินค้าไปจำหน่ายในต่างประเทศ และได้รับความร่วมมือในการตอบแบบสอบถามเพื่อนำมาใช้เป็นข้อมูลในการศึกษาวิจัย จำนวนทั้งสิ้น 113 บริษัท ผลการวิเคราะห์สามารถจัดกลุ่มประเภทเครือข่ายองค์กรทางธุรกิจได้ 5 กลุ่มประกอบไปด้วย หน่วยงานภาครัฐ สถาบันการเงิน องค์กรทางธุรกิจ สถาบันการศึกษา และองค์กรภาคการขนส่ง ผลการศึกษาพบว่าเครือข่ายองค์กรทางธุรกิจโดยเฉพาะสถาบันการเงินและองค์กรทางด้านการขนส่ง เป็นเครือข่ายทางธุรกิจที่มีความสำคัญและมีอิทธิพลต่อการประสบความสำเร็จทางด้านการส่งออกของผู้ประกอบการชาวไทยเป็นอย่างมาก ในส่วนของการศึกษาผลกระทบที่เกิดจากองค์ความรู้ทางด้านการตลาดของผู้ประกอบการส่งออก นั้นพบว่า การที่ผู้ประกอบการการส่งออกมีความรู้ความเข้าใจทางด้าน กฎระเบียบ ข้อบังคับ ข้อกฎหมาย การเลือกตลาดเป้าหมาย และความเข้าใจลักษณะวัฒนธรรมทางธุรกิจเพิ่มมากขึ้น จะมีส่วนสำคัญอย่างยิ่งในการเพิ่มศักยภาพในการแข่งขันให้กับผู้ประกอบการชาวไทย โดยเฉพาะเมื่อได้รับการส่งเสริมสนับสนุนจากหน่วยงานภาครัฐ สถาบันการศึกษา และองค์กรภาคการขนส่ง ก็จะมีผลทำให้การส่งออกของไทยประสบความสำเร็จในตลาดต่างประเทศโดยเฉพาะกลุ่มประเทศอาเซียนเพิ่มมากขึ้น

**คำสำคัญ:** เครือข่ายทางธุรกิจ องค์ความรู้ทางการตลาด ความสำเร็จของส่งออก  
ประชาคมเศรษฐกิจอาเซียน ประเทศไทย

## 1. Introduction

The ASEAN Economic Community (AEC) targeted for completion by 2015 was adopted and signed by the ASEAN Leaders in November 2007 in Singapore. Generally, AEC is one of the three pillars to achieve a cohesive ASEAN Community. AEC proposal is a single comprehensive document that identifies the characteristics and elements of the AEC with clear implementation targets and timelines for the various economic integration measures within ASEAN (Department of Trade and Negotiation, Thailand, 2011). The main objectives of AEC are to create a single market and production base, highly competitive economic region, region of equitable economic development and region fully integrated into the global economy. The five core elements of ASEAN single market and production base are free flow of goods, free flow of services, free flow of investment, free flow of capital, and free flow of skilled labor (Department of Trade and Negotiation, Thailand, 2011).

The ASEAN Economic Community (AEC) will make ASEAN a more interesting place to do business. The AEC will have an aggregate population of 580 million (Export-Import Bank of Thailand, 2012). Businesses in Thailand will confront greater challenges from the AEC as a result of the higher percentage of ownership by ASEAN investors in services sectors; and

the greater ability of skilled professionals to move within the region. This can create greater opportunities for Thai businesses to expand elsewhere in ASEAN (Electronic Intelligence Center, SCB Thailand, 2011). Thai businesses will benefit from higher investment in countries such as Indonesia, Malaysia, and the Philippines. However, businesses need to be aware that many countries still have in place domestic rules and regulations (e.g., on minimum investment and modes of investment) which will continue to discriminate against foreign investment (Electronic Intelligence Center, SCB Thailand 2011).

Furthermore, taking full advantage of opportunities from AEC will require Thai businesses to focus on those particular areas where Thailand has an advantage (our core competencies) and where ASEAN is particularly distinctive. The previous study from Siam Commercial Bank in Thailand (2011) explained that the AEC will tend to result in a greater concentration of production in the region. But given the limited size of the aggregate market, it is important to identify specific opportunities from Thailand's and ASEAN's unique relative strengths.

The knowledge of ASEAN Economics Community is important for Thai businesses. Basically, knowledge is an intangible asset that can contribute to sustainable competitive advantage and higher performance (Kaleka, 2002), as

well as a key trigger of the firm's venture motivation to international markets (Wei and Lau, 2005). Additionally, lack of knowledge about foreign markets has been seen as one of the main barriers to exporting (Crick, 2007; OECD Report, 2009). Market knowledge is important for internationalization and acquired through interaction with other internationalized firms (Hadley and Wilson, 2003). A previous study by Toffen (2005), explained that the perception and use of information about foreign markets could increase business performance; however, there is a lack of empirical evidence about the market knowledge and export success. This paper presents results of a research on the extent of networking by Thai firms in soliciting information from various organizations that are involved in facilitating firm's capability in servicing into international markets. The contribution of the study is to determine the resources committed to networking and the effects of market knowledge with various support service organizations and its implication to export success.

## 2. Literature Review

### Networking Resources

The advocates of the Social Capital Theory suggested that firm specific advantages are crucial in order to lead to sustainable competitive advantage and hence performance. Besides, the

third major theoretical approach to the conceptualization of social capital is social resources theory (Lin, Ensel and Vaughn, 1981; Lin, 1999). Social resources theory focused on the nature of the resources embedded within the network (Seibert, Kraimer and Liden, 2001). Their ability to mobilize extramural resources, attract customers, and identify entrepreneurial opportunities is conditional on external networks, since social relations mediate economic transactions and confer organizational legitimacy (Granovetter, 1985). Organizations have contracts with suppliers and other partners in order to acquire external resources to produce product/service at the competitive prices, and adjust the quality such that they can attract and retain customers (Pennings and Lee, 1999). This argument is the core idea in the network approach to internationalization, it is also suggested that a firm's external network is a major contributor to its performance (Leenders and Gabbay, 1999). The study of Lee, Lee and Pennings (2001), on social capital theory implies that start-up should pursue strategies focusing on the development of valuable networks with external resource holders in order to be successful. Furthermore, the previous study of Batjargal (2003), and Chen et al., (2007), on social capital theory can be observed as the network that connects business, and thus

it facilitates business to perform well and to achieve competitive advantages.

The firms from newly industrializing nations lack the necessary resources to internally generate crucial capabilities to go international and to succeed in the global markets. Firm specific advantages can be enhanced through networking with external organizations. According to Guillen (2002), explained that the firms belonging to the same business can gain precious information and experience; moreover, the *possession of network ties with business parties* in the home country facilitates emerging-market firms in engaging in international venturing activities. In addition, Mouzas (2006), specified that networking of the business is a key role in internationalization; it facilitates the development of knowledge-intensive and innovative products, resulting in superior international market performance. Besides, the institutional networks ties relate to the various domestic institutions such as government officials and agencies, banks and financial institutions, universities, and trade association that can help the firm to achieve competitive advantage in international market. Therefore, the export performance of firms from newly industrializing nations is contingent upon their desire to learn and network.

Evidence from Korea manufacturing firms by Lee, Lee and Pennings (2001), showed that partnerships network included enterprises, venture capital company, university and research institute, and venture network positively associated with organizational performance; on the contrary sponsorships network, financial institutional, and government agency did not have a significant effect on sales growth. Evidence from Finland Sweden and Norway by Babakus, Yavas and Hahti (2006), found that the domestic networking did not have a significant influence, while foreign networking showed a significant positive impact on SMEs' export performance. Evidence from China by Yiu, Lau and Burton (2007), showed that business network ties consisted of relationship with customers, also suppliers and institutional network such as government, financial institutions, and trade associations positively related with international venturing. Evidence from Thailand's firms based on the study of Pongpanich and Phitya-Isarakul (2008), showed that partnership of business consists of grower, exporters, and freight providers to importers are important to competitiveness and export performance of Thai fruit exports in Chinese market. The previous study of Basly (2007), confirmed that networking is significantly and positively associated with internationalization.

Furthermore, evidence from Ireland by Kenny and Fahy (2011), explained that a positive relationship between a firm's network and international performance is not supported for the relationship between network resources combinations, information sharing, and international performance. Thus, the relationship of firm's external resources between networking resources and export success need to further investigation in this study.

**Hypothesis 1:** Networking resources has a positive relationship with export success. According to the previous studies of Lee, Lee and Pennings (2001); Yiu, Lau and Burton (2007), Mouzas (2006), Pongpanich and Phitya-Isarakul (2008), in this study there are 15 organizations of networking for the lists of organization assistance that exists in Thailand can be classified into five groups of networking resources in term of government agency, financial institution, business association, knowledge institution, and transport association. Thus, all dimensions of networking resources need to further investigation in this study.

**Government agency** from the literature review, the export assistance programs find a variety of types of export assistance provided by governments and other related organizations (Phadett and Osman, 2012). Export assistance programs from the governments have to direct and indirect effects on firm's export performance

(Czinkota, 1996). They view export assistance programs as improving these firms' chances for success in the international market place. According to the previous studies by Phadett and Osman (2012), explained that the government agency is important for Thai's SMEs exporters to export market expansion in foreign market. The government agencies in Thailand that support to this study include the Department of Export Promotion: DEP-Thai, and The Broad of Investment of Thailand: BOI. We expect that use of a greater variety of government agencies contributes to export success. I put forward a hypothesis arguing that:

Hypothesis 1a: Government agency has a positive relationship with export success.

**Financial institution** is an establishment that focuses on dealing with financial transactions in term of investments, loans and deposits. Usually, financial institutions are composed of organizations such as banks, trust companies, insurance companies and investment dealers. For financial institutions policy (Bank of Thailand: BOT, 2012) aims to increase the competitiveness of financial institutions while ensuring continued systemic soundness, promoting efficient risk management, and ensuring their desirable role as effective financial intermediaries (Trairatvorakul, 2012). The financial

institutions in Thailand that supports to this study included Export-Import Bank of Thailand: EXIM-Bank, Small and Medium Enterprise Development Bank: SME Bank, Commercial Bank, and Insurance Company. The researcher put forward a hypothesis arguing that:

Hypothesis 1b: Financial institution has a positive relationship with export success.

**Business association** is a private, formal, noncommercial organization designed to promote the common business interests of its members (Prufer, 2012). Business associations offer members a platform to meet and to exchange views about other industry participants (Pyle, 2006), to learn about the latest technologies, foreign markets and standardizations (Nugent and Sukiassyan, 2009), and prospective trade partners (Johnson et al., 2002). Also, some association offer their members arbitration services and help to resolve a dispute, which mitigates transaction costs (Pyle, 2005). Thus, business association is an organization that operates in a specific industry. The objectives' of business association is participates in public relations activities such as advertising, education, political donation, lobbying and publishing, but its main focus is collaboration between companies, or standardization. Leading business associations in Thailand that support to this study include that; Thai Chamber of Commerce, Thailand

Exporter Association, and Thai Packaging Association. The researcher put forward a hypothesis arguing that:

Hypothesis 1c: Business association has a positive relationship with export success.

**Knowledge Institution** has been seen as an important element for the firms' ability to innovate. Much of the knowledge in these institutions is uncoded and dependent where the search and transfer mechanisms are essential in order to capture the knowledge (Vinding, 2001). Besides, the institutions of knowledge are serving the firm and the most important sources of innovation and thus, for the performance of the firm (Oyelaran-Oyeyinka, 2004). The knowledge institutions in Thailand that support to this study included that; University Professor, Research Institute, and Media Organization. I put forward a hypothesis arguing that:

Hypothesis 1d: Knowledge institution has a positive relationship with export success.

**Transport association** is an association of public transport authorities in a large urban area. The modes of transport can include both private and government owned bodies. The objectives of a transport association are; to have a standard ticketing and pricing system, to have a widely acceptable timetable, and to provide connection between different modes of transport, irrespective of the providing company (Thai Transportation



and Logistics Association, 2010). Leading transport associations in Thailand that support to this study included that; Transportation & Logistics Companies, Distributors & Export Trading Company, and Raw Material Suppliers. I put forward a hypothesis arguing that:

Hypothesis 1e: Transport association has a positive relationship with export success.

### **Market Knowledge**

The domain of market knowledge encompasses many different disciplines, the knowledge base view theory is the fundamental theory based on which knowledge management is founded. Knowledge-Based View (KBV) theory posits that the acquisition and use of relevant knowledge is the key to understanding organizational performance (Morgan, Zou, Vorhies and Katsikeas, 2003). According to KBV, a firm that exists as social communities can explain the performance variations (Kogut and Zander, 1992). KBV is also posits that knowledge comprising of different types at different level of the organization will be linked with business performance outcomes. According to internationalization process model, firms learn new foreign market knowledge incrementally through the commitment of resources to do business in specific markets (Johanson and Vahlne, 1977). Generally, the firm specific advantages include tangible and intangible assets. The

intangible assets that generate competitive advantages are firm specific knowledge such as technological know-how, and marketing knowledge (Wernerfelt, 1984; Barney, 1991). It also explains internationalization as a process of increasing experiential knowledge of the market, the clients, the problems, and the opportunities abroad (Eriksson et al., 1997). Market knowledge will increase both the firm's ability to coordinate its international activities as well as the firm's willingness to make resource commitment to these activities (Hadjikhani, 1997).

In export performance studies, the market knowledge there has been a call for researchers to detect not only the main effect of independent variables, but also their moderating effects (Sousa, Martínez-López, and Coelho 2008). Ling-yee and Ogunmokun (2001), specifically pointed out the need for future studies to consider the moderating effect of relationship life cycle on relation behavior and export advantage and performance. However, in terms of the relationship between export market knowledge and export performance, some studies have found a direct link, others have not (Toften, 2005). Evidence from Thailand by Wilawan (2006), explained that the market knowledge in term of information quality and information exchange is important for Thai's exporters.

In addition, According to the previous study by Craig (2003), found that there is a positive impact of market knowledge on export commitment and firm's export performance.

The market knowledge of this study includes knowledge of legal aspects of marketing in foreign market, knowledge of target market and knowledge of foreign business culture in ASEAN Economics Community (AEC). Drawing on insights, this study aims to investigate the moderating effect of market knowledge on the relationship between networking and export success. I put forward a hypothesis arguing that:

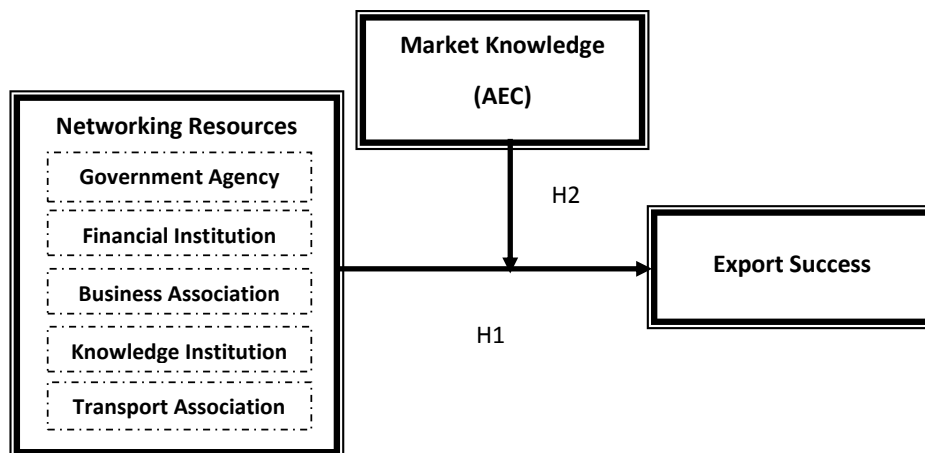
**Hypothesis 2:** Market knowledge will moderate positive the relationship between networking resources and export

success, such that firm with higher level of networking resources will achieves higher export success when market knowledge is higher.

Based on the literature review, this study seeks to answer the following research questions:

1. Which the networking resources is the contribution to export success?
2. Do market knowledge is the contribution moderate effect on the relationship between networking resources and export success?

Figure 1 provides the research framework used in this study. Networking resources are independent variables, and export success is dependent variable while market knowledge as a moderator. These relationships are presenting in Figure 1.



**Figure 1** Conceptual Framework

### 3. Methodology

This is a cross-sectional study using mail survey. The survey instruments were mailed to the managers listed in Exporter Directory of Department of Export Promotion (DEP) Thailand. The companies will be selected using simple random sampling. Before conducting the data collection process, the questionnaire was tested on the five managers in the firms mentioned above, and a discussion was held with them to see how the questionnaire can be further improved. After doing some minor refinements to the questionnaire, ambiguous words and Double-barrelled questions were changed to ensure the questions were logical and in order. Following this, the questionnaires were ready for the pilot study with 30 managers from Thailand's manufacturing exporting firm to test the validity and reliability of the questionnaire. In addition, this study evaluated reliability by assessing the internal consistency of the items representing each construct using Cronbach's alpha that has been widely used in many studies. Reliability estimates is between 0.6 and 0.7 which is considered an acceptable internal consistency (Hair et al., 2006). Then, the suggestions of the respondents were taken into consideration in order to revise the questionnaire before the collection of the final data. After making sure that

they were, then the printing of the final version questionnaires were mailed to the managers of the firms.

A total of 113 samples were received and giving a response rate is 15.37 percent. The number of respondents and percentage of response rate in this study was supported from the previous studies by Julian and O'Cass (2002); Kim-Soon, (2004); Tsai and Shih, (2004); Shamsuddoha and Ali, (2006); Babakus, Yavas and Haahti, (2006). And also, this is an acceptable number in accordance to the general rule established by Hair et al., (2006). The profile of firms participating in this survey is presented in Table 1.

**Table 1** General Characteristics of the Respondents (n = 113)

Demographic	Categories	Respondent	Percentage
<b>Firm Size*</b> (Number of employee)	1. SMEs (1<=200 employees)	91	80.2
	2. Large (> 200 employees)	22	19.8
<b>Firm Age</b> (Number of years operation)	1. Less than 10 years	38	33.3
	2. Between 11-20 years	50	44.4
	3. More than 20 years	25	22.2
<b>Export Experience</b> (Number of years for exporting)	1. Less than 10 years	71	62.7
	2. Between 11 - 20 years	33	29.1
	3. More than 20 years	9	8.2
<b>Existence of Export Department</b>	1. Yes	86	76.1
	2. No	27	23.9

\* Institute for Small and Medium Enterprise Development, Thailand

Networking resources refers to the resources that are external to the firms which acquired can contribute to the firm's competitiveness as it pursues the international market (Lee, Lee and Pennings, 2001; Guillen, 2002). There are 15 organizations for the lists of organization assistance that exists in Thailand. From the literature, the networking resources which assisted the exporters were listed. These are the important organization for Thai's exporters. The respondents are requested to indicate to what extent their company has committed resources towards establishing relationship with listed of Thailand's organizations in five categories in term of; government agency, financial institution, business association, knowledge institution, and transport association on a 5-point likert scale ranging from 1 = not at all, to 5 = a great extent. Market knowledge

measures adapted from Salaimeh and Rousan (2009), are solicited a 5-point likert scale ranging from 1 = major disadvantage, to 5 = major advantage. As regard to performance, the measures of export success adopted from Katsikeas, Leonidou and Morgan (2000), and Shamsuddoha and Ali (2006). The response to export success measures are solicited a 5-point likert scale ranging from 1 = not at all satisfied, to 5 = very satisfied.

#### 4. Results

Table 2 displays the mean and standard deviation (S.D.) of networking resources. The ranking of mean values shows that transport association (3.14) has higher mean compared to the government agencies (2.82), followed by financial institution (2.78), business association (2.54), and knowledge institution (2.04). On the ranking of all items, the measure of networking resources

shows the top three items that register the highest mean value that are 1) commercial bank; 2) department of export promotion: DEP-Thai; and 3) transportation & logistics companies. Conversely, the results show that Thai exporters have *less resource allocation* to establish relationship with the

respect to three organizations that are Thai packaging association, university professor, and media organizations respectively. The Cronbach's alpha is .90 and this shows that there is acceptable internal consistency in a measurement instrument.

**Table 2** Mean, Standard Deviation and Reliability of Networking Resources

Dimension of Networking Resources	Mean	Overall Mean (S.D.)
<b>Government Agencies</b>		2.82 (1.01)
1. Department of Export Promotion: DEP Thai	3.27	
2. The Broad of Investment of Thailand: BOI	2.37	
<b>Financial Institution</b>		2.78 (.89)
1. Export-Import Bank of Thailand: EXIM-Bank	2.30	
2. Small and Medium Enterprise Development Bank: SME Bank	2.15	
3. Commercial Bank	3.76	
4. Insurance Company	2.92	
<b>Business Association</b>		2.54 (1.05)
1. Thai Chamber of Commerce	2.88	
2. Thailand Exporter Association	2.65	
3. Thai Packaging Association	2.08	
<b>Knowledge Institution</b>		2.04 (.89)
1. University Professor	2.08	
2. Research Institute	2.25	
3. Media Organization	1.79	
<b>Transport Association</b>		3.14 (1.02)
1. Transportation & Logistics Companies	3.25	
2. Distributors & Export Trading Company	2.95	
3. Raw Material Suppliers	3.23	
<b>Reliability (Alpha)</b>	.90	

5-point likert scale from 1= not at all, to 5= a great extent

With reference to Table 3, the pattern of overall mean values of market knowledge (3.00) identified that knowledge of target market has a higher mean value (3.12) compared to knowledge of foreign business culture mean value (3.04), and

knowledge of legal aspects of marketing in foreign market mean value (2.86). The Cronbach's alpha is .89 and this shows that there is acceptable internal consistency in a measurement instrument.

**Table 3** Mean, Standard Deviation and Reliability of Market Knowledge

Market Knowledge	Mean
1. Knowledge of legal aspects of marketing in foreign market	2.86
2. Knowledge of target market	3.12
3. Knowledge of foreign business culture	3.04
Overall Mean (S.D.)	3.00 (.88)
Reliability (Alpha)	.89

5-point likert scale from 1= major disadvantage, to 5= major advantage

With regard to export success (referred in Table 4), the pattern of mean values shows that Thai exporters' performances is slightly

below the average for export success (2.55). The Cronbach's alpha is .91 and this shows that there is acceptable internal consistency in a measurement instrument.

**Table 4** Mean, Standard Deviation and Reliability of Export Success

Export Success	Mean
1. Perceived export success	2.58
2. Achievement of export objectives	2.56
3. Satisfaction with overall export performance	2.50
Overall Mean (S.D.)	2.55 (.97)
Reliability (Alpha)	.91

5-point likert scale from 1= not at all satisfied, to 5= very satisfied.

### Pearson's Correlation

As shown in Table 5, in order to test the relationships among variables of the study, the Pearson's correlation analysis was performed. The correlations between five dimensions of networking resources

such as (government agency, financial institution, business association, knowledge institution, and transport association), market knowledge, and export success are presented in Table 5 shows that four dimensions of networking resources in term

of government agency ( $r = .27, p < .01$ ), financial institution ( $r = .36, p < .01$ ), business association ( $r = .24, p < .05$ ), and transport association ( $r = .35, p < .01$ ). They are positively and significantly correlated with export success while only knowledge

institution is insignificant with export success. However, market knowledge ( $r = .41, p < .01$ ) is positively and significantly correlated with export success. The correlations among the dimensions of networking resources, market knowledge and export success are relatively low.

**Table 5** Pearson's Correlation between Variables

	GOV	FIN	BUS	KNO	TRA	MAR	ES
<b>Government agency</b>	1						
<b>Financial institution</b>	.64**	1					
<b>Business association</b>	.61**	.80**	1				
<b>Knowledge institution</b>	.54**	.49**	.47**	1			
<b>Transport association</b>	.54**	.68**	.66**	.40**	1		
<b>Market knowledge</b>	.32**	.29**	.21*	.24*	.27**	1	
<b>Export success</b>	.27**	.36**	.24*	.14	.35**	.41**	1

\*\* $p < .01$ , \* $p < .05$

GOV = Government agency, FIN = Financial institution, BUS = Business association, KNO = Knowledge institution, TRA = Transport association, MAR = Market knowledge, ES = Export success

## 5. Findings

The results of Hierarchical regressions analysis market knowledge as the moderating effect on the relationship between networking resources and influence export success are presented in Table 6. In the analysis, three variables were treated as control variables such as firm size, export experience, and existence of export department. Firm size is controlled because size of firm may influence on the level of competitive advantage (Steensma et al., 2000), large firms using export market information more than small firms.

In this study, the number of employee can be divided into two groups, namely SMEs and Large firms. SME is defined as "a firm within 200 employees and below" whilst large firms are firms that employ more than 200 employees (Institute for Small and Medium Enterprise Development, Thailand, 2011). Export experience is controlled because, firms with more export experience in export markets can also benefit from accumulating local market knowledge and legitimacy, and developing local networks than new exporter (Yiu, Lau and Bruton, 2007).

Existence of export department is controlled because firms will locate export department operation in knowledge-intensive so that they can tap into resources and knowledge that would without export department not be available in export market (Kim-soon 2004).

According to the finding of the hierarchical regression equation, when the three control variables are entered into the regression equation in Model 1, the model is statistically significant and shows that 23 percent of export success is explained by these variables. In Model 2, the addition of the three networking has resulted in  $R^2$  an explained 34 percent. This  $R^2$  change of 0.11 is significant ( $p < .01$ ), which implies that the networking explained an additional 11 percent of the variation in export success. The significant F-statistics ( $p < .01$ ) suggest that the model is adequate. From the second regression model, it can be observed that financial institution ( $\beta = .35$ ,  $p < .05$ ), transport association ( $\beta = .24$ ,  $p < .05$ ) are statistically significant and has a positive relationship with export success while business association ( $\beta = -.33$ ,  $p < .05$ ) is negative significant with export success.

On the other hand, government agencies and knowledge institution does not have a significant relationship with export success. The finding of this study provided support for the hypothesis 1b and Hypothesis 1e, while rejected hypothesis 1a, Hypothesis 1c and Hypothesis 1d.



**Table 6** Hierarchical Regression Results of Market Knowledge as a Moderating Effect between Networking Resources and Export Success

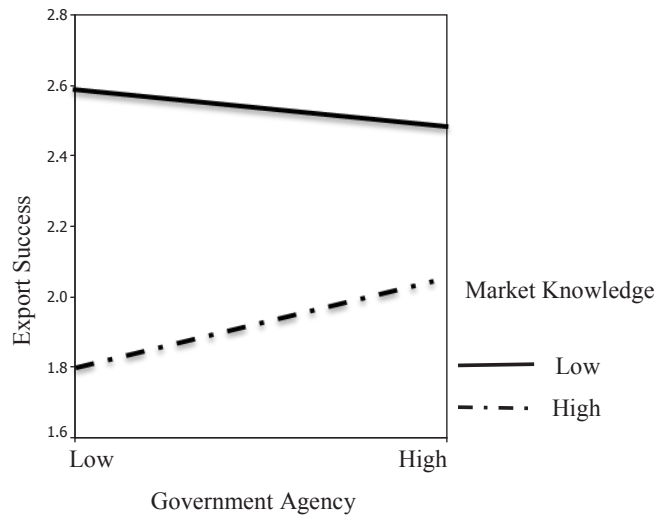
Variables	Export Success			
	Model 1	Model 2	Model 3	Model 4
<b>Control Variables</b>				
Firm's Size	-.03	-.07	-.08	-.09
Export Experience	.31***	.33***	.29***	.30***
Existence of Export Department	-.32***	-.27***	-.23**	-.15
<b>Independent Variables</b> (Networking Resources)				
Government Agency (Y1)		.05	.03	-1.45***
Financial Institution (Y2)		.35**	.32**	1.20*
Business Association (Y3)		-.33**	-.30**	-1.24*
Knowledge Institution (Y4)		-.10	-.11	.89*
Transport Association(Y5)		.24**	.22*	1.17***
<b>Moderating Variable</b>				
Market Knowledge (M1)			.15	.60**
<b>Interaction</b> (Networking Resources x Market Knowledge)				
Y1 x M1				2.17***
Y2 x M1				-1.10
Y3 x M1				1.14
Y4 x M1				-1.35**
Y5 x M1				1.50***
R <sup>2</sup>	.23	.34	.35	.47
R <sup>2</sup> Change	.23	.11	.01	.12
F-Change	10.26***	3.28***	2.35	4.03***
Note: *** Sig. at .01    ** Sig. at .05    * Sig. at .10				

In Model 3, the significant F-statistics are insignificant and the model is inadequate. These mean that, market knowledge, as a moderator is not significant with export success. Finally, in Model 4, includes the interaction term of regression analyses,  $R^2$  an explained 47 percent. This  $R^2$  change of 0.12 is significant ( $p < .01$ ), which implies that the interaction of networking resources and market knowledge explained an additional 12 percent of the variation in export success. The significant F-statistics ( $p < .01$ ) suggest that the model is adequate. This means that market knowledge has been served as a significant moderator, which has an effect on the relationships between networking resources and export success.

Consequently, when we check the interaction items to test hypothesis 2, it was found that market knowledge strengthen the networking resources and export success link respectively. Result from Model 4, shows that two dimensions of networking resources from government agencies have more positive effects on export success when market knowledge is higher ( $\beta = 2.17, p < .01$ ), and transport association has a positive effect on export success when market knowledge is higher ( $\beta = 1.50, p < .01$ ). Moreover, knowledge institution has more negative effects on export success when market knowledge is higher ( $\beta = -1.35, p < .05$ ). However,

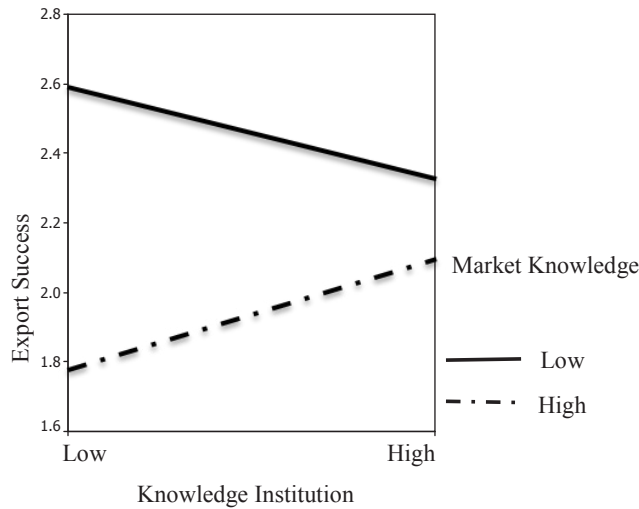
the results found that the dimensions of financial institution and business association are not significant to export success. The finding of this study provided support for the hypothesis 2 the market knowledge is moderate between networking resources (government agency, knowledge institution, and transport association) and export success.

A graphical presentation of the interaction effects is presented in Figure 2, 3, and 4.



**Figure 2** Market knowledge moderates between government agency and export success

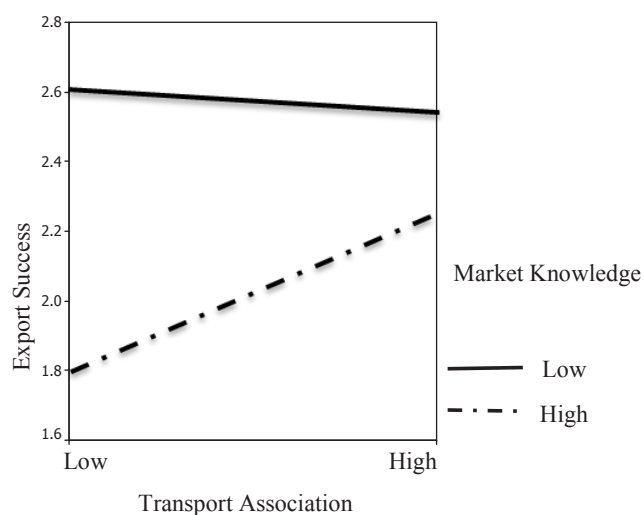
Figure 2, shows the significant interaction effect of market knowledge and government agencies on export success. The graph illustrated that when the firms used high consistent government agencies, firms exhibited high export success equally on high market knowledge. Under higher government agencies firms had tended to increase export success when the firms use higher market knowledge whereas if the firm is low market knowledge exhibited export success is low.



**Figure 3** Market knowledge moderates between knowledge institution and export success

Figure 3, shows the significant interaction effect of market knowledge and knowledge institution on export success. The graph illustrated that when the firms used high consistent knowledge institution, firms exhibited high export

success equally on high market knowledge. Under higher knowledge institution firms had tended to increase export success when the firms use higher market knowledge whereas if the firm is low market knowledge exhibited export success is low.



**Figure 4** Market knowledge moderates between transport association and export success

Figure 4, shows the significant interaction effect of market knowledge and transport association on export success. The graph illustrated that when the firms used high consistent transport association, firms exhibited high export success equally on high market knowledge. Under higher transport association firms had tended to increase export success when the firms use higher market knowledge whereas if the firm is low market knowledge exhibited export success is low.

## 6. Discussions and Conclusions

Investing resources in building networks is fundamental in knowledge accumulation and in enhancing managerial capability. The finding of this study shows that allocation of resources towards these activities explains the variation in export success sustain in ASEAN Economic Community (AEC). The finding of this study is consistent with Chetty (2003); Yiu, Lau and Burton (2007); and Pongpanich and Phitya-Isarakul (2008). Contacts through networking are important in the internationalization process. Because, networking can help Thai's firms to identify new opportunities, obtain knowledge, and learn from experiences of other firms. In addition to networking, the efforts put into close working relationship with financial institutions are also important. Access to

financial support will benefit exporters who have poor resource. Besides, the finding concurs with Yiu, Lau and Burton (2007), explained that business network ties consisted of customers and suppliers, and institutional network ties such as government, financial institutions, and trade associations that positively related with international venturing. And also, the finding of this study is mix results support from the previous studies (Babakus, Yavas and Haahti, 2006; Kenny and Fahy, 2011). In addition, the finding of this study found that market knowledge in term of; knowledge of legal aspects of marketing in foreign market, knowledge of target market, and knowledge of foreign business culture as a moderating effect on the relationship between networking and export success sustain for ASEAN Economic Community (AEC). The finding of this study consistent with Sousa, Martínez-López, and Coelho (2008), explained that market knowledge as a moderating effect in export performance. It appears that firms' own experiential knowledge and knowledge from parties closely associated with their business is more valued. Our results also demonstrate that the networking resources and export success link are moderated by market knowledge. Our extension of extent research also indicates that the performance advantages of networking

resources are contingent on market knowledge factor. Particularly, government agencies, knowledge institutions and transport associations and export success link are strengthened by market knowledge.

The findings of the study show that networking resources is a determinant of export success of Thailand's firms. This indicates that a higher export success can be achieved through networking resources. Therefore, it is recommended that Thailand's firms should be encouraged to devote their efforts on financial institution and transport association considerations for competitive advantage in ASEAN and international market. It is because the financial institution consists of four organizations; EXIM-Bank, SME-Bank, commercial bank, and insurance company they are responsible for transferring funds from investors to companies in need of those funds. Financial institutions facilitate the flow of money through the economy. To do so, savings a risk brought to provide funds for loans. Such is the primary means for depository institutions to develop revenue. Should the yield curve become inverse firms in this arena will offer additional fee-generating services including securities underwriting. In addition, transport association consists of three organizations; transportation & logistics companies, distributors & export

trading companies, and raw material will achieve in export success. Because, the objectives of a transport association are; to have a standard ticketing and pricing system, acceptable timetable, and provide connection between different modes of transport, irrespective of the providing company.

Thailand's firms are to be successful in exporting; their firm's managers have invested resources in establishing networking relationship with the organizations to enhance your export marketing knowledge. This greater commitment and effort may provide Thailand's firms with an additional opportunity to enhance their competitive advantage as well as to achieve better performance. The managers of Thailand's firms who intend to expand their company's business to international markets and increase the contribution of export sales, export profit margin, export success in international market, and satisfaction with overall export success should take notice of the important of upgrading their resources in financial institution and transport association. In addition, the market knowledge has an indirect effect on the relationship between government agencies, knowledge institution, and transport association and export success. Similarly, firms used high consistent with government

agencies, knowledge institution, and transport association, and high market knowledge firms exhibited high export success equally.

The finding of this present study has discovered some interesting insights pertaining to the export success factors by the growing number of exporting manufacturing firm in Thailand. It has proved to contribute to our understanding on the impacts of resources factors in the management of success exporting activities. Though the various study constructs employed in this study has been satisfied certain level of research assumptions, care must also be taken within the context of the limitations and inherent assumptions inherent in this research. The study focused on the manufacturing exporting firms that were listed on Exporter Directory, Department of Export Promotion; Ministry of Commerce Thailand. Actually, there is more manufacturing firms exporting in Thailand who are not members of Department of Export Promotion (DEP), and it name list don't show in the listed of Exporter Directory. The respondents of the study are limited. Based on the limitations of the study mentioned above, the study has provided some recommends for future research. The methodology of the study is to directly send questionnaires by mail to the managers of firms in Thailand. However, it was difficult to receive a

response from them. Instead of using mail method in data collection, it is suggested that the particular sectors with enough population are identified and arrangements are made with the respondents to collect the needed information. Employing three measures add limited number of items in each measure of export success might have also restricted the discovery of the actual association between the resource profiles and export success. Others success measure should also be used in future studies e.g. export market penetration in current market and export market penetration in new market because the policy of Department of Export Promotion: DEP Thai, emphasize the need to penetrate in new export market in ASEAN countries.

## 7. Acknowledgement

I would like to express my gratitude to Rajamangala University of Technology Lanna in Hand-on Research Project (HR#2L), and all the lecturers who had generously shared their professional knowledge and expertise. I would not have been able to see its end without their support and encouragement.

## References

- Babakus, E., Yavas, U., & Haahti, A. (2006). Perceived uncertainty, networking and export performance: A Study of Nordic SMEs. *European Business Review*, 18(1), 4-13.
- Bank of Thailand: BOT. (2012). From <http://www.bot.or.th>
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Basly, S. (2007). The Internationalization of family SME: An Organizational learning and knowledge development perspective. *Baltic Journal of Management*, 2(2), 154-180.
- Batjargal, B. (2003). Social capital and entrepreneurial performance in Russia: A Longitudinal study. *Organization Studies*, 24(4), 535-556.
- Chen, C.N., Tzeng, L.C., Ou, W.M., & Chang, K.T. (2007). The Relationship among social capital, entrepreneurial orientation, organizational resources and entrepreneurial performance for new venture. *Contemporary Management Research*, 3(3), 213-232.
- Chetty, S.K. (2003). Explosive international growth and problems of success amongst small to medium-sized firms. *International Small Business Journal*, (21), 5-27.
- Crick, D. (2007). SMEs barriers towards internationalisation and assistance requirements in the UK. *Journal of Small Business & Entrepreneurship*, 20(3), 233-244.
- Craig, J. (2003). Export marketing performance: A Study of Thailand firms. *Journal of Small Business Management*, 41(2), 213-221.
- Czinkota, M.R. (1996). Why national export promotion. *International Trade Forum*, 2, 10-13.
- Department of Trade and Negotiation Thailand. (2011). From <http://www.dtn.go.th/index.php?>
- Electronic Intelligence Center, SCB Thailand. (2011). *Moving forward with the AEC*. From [www.scb.co.th/.../SCB%20Insight%20Feb%202011%20Eng\\_AEC.pdf](http://www.scb.co.th/.../SCB%20Insight%20Feb%202011%20Eng_AEC.pdf)
- Eriksson, K., Johanson, J., Majgard, A., & Sharma, D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 337-360.



- Export-Import Bank of Thailand, Thailand.* (2012). From <http://www.exim.go.th>.
- Granovetter, M. (1985). Economic action and social structure: The Problem of embeddedness. *American Journal of Sociology*, 91(3), 481-510.
- Guillen, M.F. (2002). Structural inertia, imitation, and foreign expansion: South Korean firms and business groups in China, 1987-95. *Academy of Management Journal*, 45(3), 509-525.
- Hadley, R., & Wilson, I.M.H. (2003). The Network model of internationalisation and experiential knowledge. *International Business Review*, 12(6), 697-717.
- Hadjikhani, A. (1997). A Note on the criticisms against the internationalization process model. *Management International Review*, 37(2), 43-66.
- Hair, J.F., Anderson, R.E., Tatham, R.L. & Black, W.C. (2006). *Multivariate data analysis* (6th ed.). N.P.: Orentice Hall International.
- Institute for Small and Medium Enterprise Development, Thailand.* (2011). From <http://www.sme.go.th>
- Johanson, J., & Vahline, J.E. (1977). The internationalization process of the firm-a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8, 23-32.
- Johnson, S., McMillan, J., & Christopher, W. (2002). Courts and relational contracts. *Journal of Law, Economics & Organization*, 18(1), 221-277.
- Julian, C., & O'Cass, A. (2002). Examining the internal-external determinants of International Joint Venture (IJV) marketing performance in Thailand. *Australian Marketing Journal*, 10(2), 55-71.
- Kaleka, A. (2002). Resources and capabilities driving competitive advantage in export market: guidelines for industrial exporters. *Industrial Marketing Management*, 31, 273-283.
- Katsikeas, C.S., Leonidou, L.C., & Morgan, N. A. (2000). Firm-level export performance assessment: review, evaluation, and development. *Academy of Marketing Science Journal*, 28(4), 493-511.
- Kenny, B. & Fahy, A. (2011). Network resources and international performance of high tech SMEs. *Journal of Small Business and Enterprise Development*, 18(3), 529-555.
- Kim-Soon, N. (2004). *Value of export information, enhancement of export marketing competency, environmental characteristics and export venture performance* (Doctoral dissertation). Malaysia: Universiti Sains.

- Kogut, B. & Zander, U. (1992). Knowledge of the firm, combinative capabilities and the replication of technology. *Organizational Science*, 3, 383-397.
- Lee, C., Lee, K., & Pennings, J.M. (2001). Internal capabilities, external linkages, and performance: A Study on technology-based ventures. *Strategic Management Journal*, 22(6-7), 615-640.
- Leenders, R. Th. A.J., & Gabbay, S.M. (1999). *Corporate social capital and liability*. Boston, MA: Kluwer Academic.
- Lin, N. (1999). Building a network theory of social capital. *Connections*, 22(1), 28-51.
- Lin, N., Ensel, W.M., & Vaughn, J.C. (1981). Social resources and occupational status attainment. *Social Forces*, 59, 1163-1181.
- Ling-Yee, L., & Ogunmokun, G.O. (2001). The Influence of interfirm relational capabilities on export advantage and performance: an empirical analysis. *International Business Review*, 10, 399-420.
- Morgan, N.A., Zou, S.V., Vorhies, D.W., & Katsikeas, C.S. (2003). Experiential and informational knowledge, architectural marketing capabilities, and the adaptive performance of export venture. *Decision Sciences*. 34(2), 287-321.
- Mouzas, S. (2006). Efficiency versus effectiveness in business network. *Journal of Business Research*, 59, 1124-1132.
- Nugent, J.B., & Sukiassyan, G. (2009). Alternative strategies for firms in oppressive and corrupt states: informality or formality via associations?. *Contemporary Economic Policy*, 27(4), 423-439.
- OECD Report. (2009). *Top barriers and drivers to SME internationalization*. Report by the OECD Working Party on SMEs and Entrepreneurship, OECD.
- Oyelaran-Oyeyinka, B. (2004). Learning and local knowledge institutions in African industry. *UNU-INTECH Discussion Papers, The United Nations University, Institute for New Technologies* (p.1-44.).
- Pennings, J.M., & Lee, K. (1999). *Social capital of organization: conceptualization, level of analysis, and performance implications*. In Corporate Social Capital and Liability, Leenders RTAJ, Gabbay SM (eds). Kluwer: New York, 43-67.

- Phadett, T. & Osman, M. (2012). The Moderating effect of government agency on the relationship between organizational resources and export market expansion. *Sripatum Review*, 12(2), 38-53.
- Pongpanich, C., & Phitya-Isarakul, P. (2008). Enhancing the competitiveness of Thai fruit exporters: an empirical study in China. *Contemporary Management Research*, 4(1), 15-28.
- Prufer, J. (2012). *Business associations and private ordering*. Retrieved March 8, 2012, from <http://ssrn.com/abstract=2025871>.
- Pyle, W. (2005). Contractual disputes and the channels for interfirm communication. *Journal of Law, Economics, and Organization*, 21(2), 547-575.
- Pyle, W. (2006). Resolutions, recoveries and relationships: The evolution of payment disputes in Central and Eastern Europe. *Journal of Comparative Economics*, 34, 317-337.
- Salaimeh, M.A., & Rousan, M.A.A. (2009). Issues in International Marketing Efforts. *American Journal of Scientific Research*, 11-14.
- Seibert, S.E., Kraimer, M.L., & Liden, C.L. (2001). A Social capital theory of career success. *In-Press Academy Management Journal*, 1-46.
- Shamsuddoha, A.K., & Ali, M.Y. (2006). Mediated effects of export promotion programs on firm export performance. *Asia Pacific Journal of Marketing and Logistics*, 18(2), 93-110.
- Siam Commercial Bank in Thailand*. (2011). From [www.scb.co.th/.../SCB](http://www.scb.co.th/.../SCB)
- Sousa, C.M.P., Martínez-López, F.J., & Coelho, F. (2008). The Determinants of export performance: A Review of the research in the literature between 1998 and 2005. *International Journal of Management Reviews*, 10(4), 343-374.
- Steensma, K.H., Marino, L. & Weaver, M.K. (2000). Attitudes towards cooperative strategies: a cross cultural analysis of entrepreneurs. *Journal of International Business Studies*, 31(4), 591-609.
- Thai Transportation and Logistics Association*. (2010). From [www.thetta.com](http://www.thetta.com)
- Trairatvorakul, P. (2012, 27 January). *Bank of Thailand's policy direction in 2012*. Bangkok: Bank of Thailand.

- Tsai, M.T., & Shih, C.M. (2004). The Impact of marketing knowledge among managers on marketing capabilities and business performance. *International Journal of Management*, 21(4), 524-530.
- Toften, K. (2005). The Influence of export information use on export knowledge and performance. *Marketing Intelligence & Planning*, 23(2), 200-219.
- Vinding, A.L. (2001). Firms and Knowledge Institutions–The Innovation Potential in Low-Tech Sectors and Small Firms. *Proceeding at the Nelson and Winter Conference in Aalborg* (pp. 1-3).
- Wei, L.Q., & Lau, C.M. (2005). Market orientation, HRM importance and competency: Determinants of strategic HRM in Chinese firms. *International Journal of Human Resource Management*, 16(10), 1901-1918.
- Wernerfelt, B. (1984). A Resource-based view of the firm. *Strategic Management Journal*, 5(171).
- Wilawan, D. (2006). Exporter-Intermediary relationship and export performance: An empirical study in Thailand. *Proceeding at the 2006 AIB Southeast Asia Regional Conference, 7-9 December 2006*. Bangkok.
- Yiu, D.W., Lau, C., & Bruton, G.D. (2007). International venturing by emerging economy firms: the effects of firm capabilities, home country networks, and corporate entrepreneurship. *Journal of International Business Studies*, 38, 519-540.